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## NEWS SUMMARY

### GENERAL

#### Owen attacks Smith raid

Dr. David Owen, the Foreign Secretary, yesterday asked South Africa to urge Rhodesia to call off its four-day-old operation in Mozambique and then expressed his "strongest" disapproval of Mr. Ian Smith, the Rhodesian leader, condemning it.

In Lusaka, as he embarked on a European tour, Dr. Kenneth Kaunda, Zambian President, expressed his "strongest" disapproval of Dr. Owen's handling of the settlement issue.

He said he was not optimistic about the successful outcome of the latest Anglo-U.S. initiative.

Dr. Owen was also strongly criticised in Rhodesia where Mr. Pieter van der Byl, Foreign Minister, attacked Britain's "unilateral" imposition of the Mozambique aid. Back Page.

### BUSINESS

#### Recovery in gilts; equities steady

● **GILTS** made a better showing as concern about upward pressure on interest rates eased. Short-dated stocks gained up to 1/16, while long-dated issues rose up to 1/8. The FT Government Securities Index more than recovered the previous day's loss with a rise of 0.29 to 68.47.

● **EQUITIES** fluctuated narrowly in this trade. The FT 30-Share Index closed 0.1 higher at 448.6. Falls outnumbered rises in FT quoted industrials by 4 to 3.

● **COFFEES** prices slipped, the September position finishing \$116 lower at \$2,362 a tonne—the lowest closing price since February. Page 35

● **SYRILING** edged up 2 points to close at \$1,795 and its weekly "weighted" index rose 0.2% to 414.0. Dollar's 3% weighted appreciation narrowed to 0.34 (1.02) per cent.

● **GOLD** rose \$1.57 to \$144.625.

● **WALL STREET** rose 7.89 to 306.55.

● **U.S. INDUSTRY'S** capital spending was slightly lower in the first quarter of this year, but is still running at a rate which augurs well for future economic growth. Page 5

#### Press Council launches inquiry

The Press Council announced an inquiry into newspaper stories based on documents which are "private or confidential" or of "doubtful veracity". It said the inquiry was being launched because legal proceedings had forced it to suspend its inquiry into the Daily Mail slash and allegations. Page 10

#### Benn campaigns against Market

Mr. Anthony Wedgwood Benn, the Energy Secretary, is to join Labour Party anti-market campaigners today at the launching of a renewed campaign against Common Market membership and direct elections to the European Parliament. Page 10

#### Minstrel brings home the loot

"Go on, admit it, you wouldn't have run him if I hadn't told you," beamed Lester Piggott as he turned to trainer Vincent O'Brien after the Minstrel's hard-fought victory in the Derby, writes Dominic Wizan on Page 2. Pictures, Back Page.

#### Siege deadlock

The Dutch Government argued last night with South Moluccan extremists over who should see a media release for the release of 85 hostages in a train and four teachers in a school. At the Hague, Queso Juliana called on Mr. Joop den Uyl to form a new Government following his General Election victory a week ago.

#### Press strike call

Journalists at North of England Newspapers, part of the Westminster Press Group, have been called out on strike from tomorrow following the appointment some weeks ago of a non-union journalist. Page 18

#### Theatres reopen

The three theatres in London's National Theatre complex were open for performances last night after the return to work of 80 backstage staff who went on strike last Friday.

#### Jubilee bells

Church bells throughout Britain will be rung on Tuesday morning to herald the 11.30 a.m. service of thanksgiving in St. Paul's Cathedral which is to be attended by the Queen, Prince Philip and other members of the Royal Family.

#### Briefly...

Mr. Leo Tindemans, Belgian Premier, reached agreement last night on the division of 23 Cabinet posts between the four parties in his new coalition.

The Police Complaints Board, which started work yesterday, expects to receive 300 cases a week by August.

Four Land-Rovers are to be flown by Britain to Somalia today to help in a smallpox epidemic.

Pollen bulletins for hay fever sufferers in London and the Home Counties are to begin on Wednesday.

### CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

Treas. 1000	111.2	+ 1/4
Treas. 1000	111.1	+ 1/4
Allied Rediffon	128	+ 1/2
Asst. P. Cement	191	+ 4
Chesterfield Prop.	180	+ 5
East Midland Alms	44	+ 4
Edis (Richmond)	25	+ 2
Hammerbrook	500	+ 10
Highland Distillers	48	+ 2
Invergarden	33	+ 2
Latham (J.)	288	+ 10
Martin (A.)	205	+ 3
Moelva Inva.	200	+ 1
Reilant Motor	7	+ 1

Stephen (J.)	118	+ 3
Tunnel B	176	+ 4
Shell Transport	530	+ 4
Siemens U.K.	200	+ 6
Assens-Dooats	101	+ 1
Asseco	101	+ 1
Personnimental	101	+ 1
Pres. Brand	960	+ 25
Pres. Steyn	600	+ 25
West Drie	117	+ 2
Wendern Deep	700	+ 4

Bilton (P.)	140	- 4
RMC	91	- 6
Reed Intnl.	205	- 3
Vickers	171	- 2
Hampton Atres	92	- 7

## HOPES RISE FOR PHASE THREE PACT

# Two unions say yes to pay deal

The Government's hopes of securing an agreement of some kind on pay policy with the TUC were given a substantial boost yesterday when two major trade union conferences gave qualified support to a new deal.

The General and Municipal Workers Union, the third largest TUC affiliated union with 916,000 members, voted by an unexpectedly large majority for "an orderly return to free collective bargaining" and the 105,000-strong Iron and Steel Trades Confederation, the dominant union in the steel industry, overwhelmingly backed a new phase of pay policy.

These two decisions mean there are now 2.8m. votes committed against a new deal and 2.4m. in favour for the crucial Trades Union Congress in September. The final result of the TUC vote hangs on the 625,000-strong National and Local Government Officers' Association, the fourth largest union, whose conference is later this month. Mr. Jack Jones's 1.86m.-strong Transport and General Workers' Union, and the National Union of Mineworkers, with 262,000 members, both of whose conferences are in July.

The influential National Institute's quarterly review warns that a 15 per cent increase in earnings during phase three would be "very risky indeed."

ISTC conference Page 18 ● NIESR review Back and Page 32 ● Editorial comment Page 20 ● Economic Viewpoint Page 21 ● Lex and NEDC Meeting Back Page

## GMWU names its price

THE FULL price of trade union into basic rates, and incentive schemes for those who can negotiate them.

That was the list that Mr. David Bassett, general secretary of the GMWU and one of the economic negotiators with the Government, set out yesterday in persuading the 435 conference delegates meeting in Southampton not to ditch the social contract or to ditch the social contract or to ditch the social contract or to ditch the social contract.

All this looks like adding up to much more than the maximum 10 per cent earnings increase in the year to August 1978 that the Chancellor is looking for — 10 per cent, may just not be possible.

The GMWU's list picks up major demands, particularly on matching the cost of living, made by other union conferences. One year who have voted in principle for a phase three.

It will be carried into the discussions between the TUC's top five negotiators when they see the Chancellor again shortly to try to work out a policy framework by the end of July.

Thus, in spite of their formidable shopping list, the GMWU delegates' vote must be encouraging to the Government.

It was certainly a triumph for Mr. Bassett who defended his place in the corridors of power that he owes to the social contract, and who received a standing ovation for the way he pulled the many waverers round.

At least three of the union's 10 regions came to the debate without a mandate and in the event, opposition was confined mainly to the free-voting Liverpool and Scottish region delegations.

The opposition speakers' fire was directed at rising prices, especially of food and fuel. Some challenged the

## Investment upsurge is forecast for next year

A SHARP upsurge in industrial investment is expected next year but the short-term outlook is rather less buoyant than previously indicated. This is shown by the latest survey of investment intentions carried out by the Department of Industry.

The volume of investment in manufacturing industry in 1977 is now expected to be about 6 to 10 per cent higher than last year. This is a substantial downward revision from the 10 to 15 per cent rise indicated by the previous survey late last year.

But the survey confirmed the likelihood of a strong growth next year, which the Department estimates could show a rise of 20 per cent or more. This would mean that real investment would reach an all-time high, exceeding the level of 1970.

The figures reflect substantial downward revision in investment expectations for the current year by some industries. These covered particularly metal manufacturing, including steel and the paper, printing and publishing industries.

The results were published yesterday as the National Economic Development Council was examining the prospects for the economy, and it was acknowledged by the Government at the meeting that the short-term growth appeared likely now to be less vigorous than previously indicated.

The immediate outlook aroused concern among union representatives there. But the new forecasts still indicate a basic upward trend in the level of investment at a time when there has been considerable uncertainty over its timing.

Official forecasts at the time of the Budget looked ahead to an increase of 17 1/2 per cent in manufacturing investment between the first half of 1977 and the first half of 1978. The union conference Confederation of British Industry pointed to a 20 per cent rise in the year ending in September, 1978, compared with the previous 12 months.

To-day the National Institute of Economic and Social Research, despite the generally slow growth in the economy, also looks ahead to a buoyant growth of some 15 per cent during the current year and nearly 12 per cent next year.

The uncertainty has been further increased by the recently published provisional figures for the first quarter, which showed a drop of 3 per cent from the fourth quarter of 1976 against all expectations.

This fall is still regarded officially as a temporary aberration in the basically upward trend, and it is stated, has not influenced the revised forecast for the current year. The estimate of this year's increase would imply that the level in the last three quarters would average 11 per cent higher than the first quarter.

The survey does suggest, however, that there has been some postponement of investment plans from this year to next, implying some delay in the recovery.

The figures also show that the distributive and service industries, excluding shipping, expect the volume of their investment to rise by 3.5 per cent, this year with a similar or slightly bigger increase next year.

## Doctors seek curbs on smoking

DOCTORS HAVE called for Government action to achieve a substantial and permanent reduction in the number of cigarettes smoked in Britain.

The Royal College of Physicians sets out its "recommendations for action" in the third of a series of reports on the theme of smoking and health on which it started work in 1958.

The suggestions designed specifically to cut cigarette consumption are:

- A ban on sales of cigarettes yielding more than 15 milligrams of tar and 1 milligram of nicotine — which is a standard significantly milder than today's best-selling brands.
- A ban on all tobacco sales promotion — advertising, coupons, sponsorship — phased over a few years, starting with the higher tar/nicotine brands.
- Stiff price increases — with the emphasis on the higher tar/nicotine brands.
- More research aimed at helping smokers to break the habit.

The committee of doctors, under the chairmanship of Sir Cyril Clarke, past-president of the Royal College of Physicians, also recommends vigorous efforts by health and education authorities to "test and promote the best methods of encouraging young people not to smoke."

Other proposals for public education are that retailers should make it clear that selling cigarettes to children under 16 is illegal; that the Tobacco Advisory Committee, which represents all manufacturers, said the arguments against smoking were already well known and that people should be left to make up their own minds.

Over 20m. people had proved they were prepared to pay the price of high taxation to continue smoking.

Gallaher said the report did not seem to add much extra scientific information. Instead, it seemed more concerned with telling people how to give up smoking than why they should.

Many of its recommendations were already the subject of industry talks with various authorities or had — as in the case of banning coupons — already been largely carried out for commercial reasons.

None of the major U.K. manufacturers thought this report would have anything like the impact on sales made by the first two since the public was becoming inured to warnings.

Smoking or health. Published by Pitman's Medical Publishing, Tunbridge Wells, £2.

## Paris talks draw to a close

PARIS, June 1. REPRESENTATIVES of the world's rich and poor countries were tonight about to wind up their 18-month-long talks — the so-called North-South dialogue — without solving most of their major differences.

The developing countries were clearly unhappy with the aid, trade and financial concessions the West has made to save the conference from total failure. The two sides appeared to be at pains to avoid an open show of disagreement that might provoke a new crisis in relations between the West and the developing nations.

As the conference neared its end tonight the 27 countries represented at the talks adopted a compromise agreement on plans for a Common Fund to stabilise commodity prices after West Germany had finally lifted its objections.

But the agreement did not appear to commit the West to go much further than it already has in negotiating the establishment of the Fund, which the developing countries have singled out as a key test case of the industrialised countries' willingness to change the international economic order in their favour.

The eight industrialised and 19 developing countries represented here agreed to disagree on the Third World's demands for generalised debt relief, another of the developing countries' major demands. The topic will probably now be pursued in negotiations in the United Nations Conference on Trade and Development (UNCTAD).

Negotiations were still continuing, however, on the Western countries' request for continuing consultations on energy, which the U.S. and other industrialised countries are hoping to have accepted before the talks end.

The principle of some form of consultations on energy has been accepted by the oil producing countries represented here provided it does not touch on either the price or the supply of oil. But the 27 were tonight still trying to work out the precise details, with developing countries insisting that any consultations must also deal with the transfer of Western technology to the Third World.

An agreement was also reached to patch over the differences on future volumes of Western aid to developing countries. The 19 have asked that all industrialised countries accept the United Nations 0.7 per cent of GNP target for public aid, and this was generally endorsed again tonight. But an escape clause was written in letting off countries like the U.S. that are unable to meet the target.

## New Mini investment to begin

BY TERRY DODSWORTH AND ARTHUR SMITH

INVESTMENT in British Leyland's new Mini project is to begin immediately after the announcement by the National Enterprise Board yesterday that it had sanctioned the resumption of spending in the car group.

The NEB's decision, prompted, it says, by improvements in the company's industrial relations, will come as a welcome relief to the hard-pressed machine-tool industry.

But resumption of spending is limited to the Mini programme. The rest of Leyland's wide-ranging plans for new cars, engines and components remain frozen for the time being.

Although investment in these projects may be suspended for several months, in the case of the Mini, on which a great deal of design work has already been completed, Leyland is clearly anxious to press ahead with a programme already set in motion.

On the more distant projects the time scale is not so pressing. The NEB is therefore using the sanction of withdrawing investment in these areas to keep pressure on the unions for the promised returns in industrial relations.

In its statement the NEB stressed that there must be further tangible evidence of improvements in performance before the company received further backing.

"The final decision on the choice of strategy for Leyland Cars, on which the NEB will be making recommendations later this year, will depend crucially on the evidence of a substantial improvement in industrial relations and productivity," it said.

Initial spending on the Mini programme, likely to run to more than £250m., will go into the new body shop being built on a site beside the present Longbridge complex.

Work will begin on the new assembly lines in Longbridge as space is released by transfer of

Allegro production to Leyland's Seneffe plant in Belgium. The eventual aim is to have the new Mini running down the old Allegro lines in tandem, for some time, with the present version. A target of about 300,000 units of the new reborn, due for launch in the spring of 1980, against the original plan for 1978, has been established.

Some preliminary gutting of the Longbridge factory has taken place, and the first Seneffe-made Allegros are coming into British showrooms. Leyland has several other projects on the books, including new engine lines at Canley, Coventry; development of Land Rover production at Solihull; a new paint plant at Castle Bromwich; an £80m. investment at the Jaguar works in Coventry; and a wide-ranging plan to modernise its foundry facilities.

Even before the freeze imposed in March it was clear that the company was dragging its feet on sanctioning spending in these projects. This delay has caused great concern in the machine-tool industry, which following prolonged recession is still operating at only about 50 per cent of capacity.

It seemed last night that the industry's hopes of receiving steady orders from Leyland of between £40m. and £50m. a year on replacement and new machinery were still hanging fire.

### £ in New York

	June 1	Previous
Spot	\$1,793.797	\$1,793.798
1 month	1,797.00 dis	1,797.00 dis
3 month	1,800.24 dis	1,800.24 dis
12 month	1,807.50 dis	1,807.50 dis

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Farming and Raw	35	2	Lafarge
Materials	34	39	Parsons Kayser
Foreign Exchanges	28-29	36	George Wimpey
FT-Activities Indices	3	24	Peruvia
Gold	2	21	INTERIM STATEMENT
Home Contracts	2	21	Elson & Robbins
Home News	2, 10	27	2
Int'l. Company News	28-29	37	Base Loading Rates
Jobs Column	14	34	37
Labour News	18	18	

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# Don Giovanni

by RONALD CRICHTON

eter Hall's new Don Giovanni, which opened the Glyndebourne Festival on Tuesday, is second Mozart production. His *Figaro* a few years ago is unsurpassed for clear outline of plot and understanding of character, expressed in producer's bright ideas in the revealing way the complex web of feelings and relationships is exposed. It is no such web in *Don Giovanni*, where various persons temporarily united with the of bringing down retribution a sinner. Through success this is not a first sight so and so outbidding. Mr. Hall has a spin deployed intelligence, arical experience and com- sense on a level rare in opera house.

atch the interplay of glances mounting mutual attraction between Giovanni and Zerlina as he first catches sight of her, handling of the second-act tet from the entrance of Zerlina with the disguised jorollo (this *buca loco* is dark) to the latter's beauty-timed escape. Admire the cemetery how Mr. Hall and his designer John Bury of the status right forward so t the Commendatore's answers not have to be hawled and vaoni and Leporello's dia- ue can remain on an intimate el. Alas, Mr. Hall fumbles one- tionally difficult moment, end of the hall-room scene, ere a freeze and black-out ve the audience wondering

## The Entertainment Guide is on Page 6

Robert Bryan's use of the new lighting equipment, Benjamin Luxon's Giovanni (his first, though one would never think so from his admirably secure and polished sing- ing) suits the severe approach. Mr. Luxon stands somewhere between the young if already experienced rake the first Giovanni presumably portrayed and the playboy running to seed represented (not always perhaps unintentionally) by dashing but mature Italian stars. Something about his reassuring English features, even at the climax when he is facing the fiery cross and red bell full of clutching devils, obstinately recalls Owen

Wingrave, reinforcing the Nordic Willy streak detectable through- out the evening. The same thing as Southern views of sin. On the whole, the men have it. Stafford Dean is the Leporello, an excellent bass so much in demand abroad that we too rarely see him, agile and incisive, rightly distinct from Mr. Luxon's in- ducible baritone, with the suspicion of emons and garlic missing elsewhere. Pierre Thau's Commendatore is mighty impres- sive, Joba Rawnsley's tubby Masetto shows why this singer won the John Christie Award. There is an assured Ottavio from Lea Cooke, the Tom of the Glyndebourne *Robe's Progress*, a kindly, tactful fustpot, more manly than ninny, with a voice now well able to deal gracefully with both Ottavio's arias.

The Anna of Joan Carden, grim-hipped and determined, but still emotionally immature, ob- viously needs such a guardian. Miss Carden produced some tell- ing singing even if "Non mi dir" did not altogether live up to the promise of the first act - individual notes of rich quality were not always matched or sewn into the line. The Elvira, on the other hand, improved greatly after a light and tremulous first act. The Mexican soprano Rosario Andrade (a British debut) is an artist of potential, but too im- placably vengeful for this role. Elvira's music betrays smiles as well as weeping and pouting. The Zerlina of Elizabeth Gale is not a doll of a *contadina* but a real person - when she settles down and the sweetness returns to her tone this will be a notable per- formance.

John Pritchard conducts the London Philharmonic. Most of the playing has the effortless crispness and easy flow we ex-



John Rawnsley, Benjamin Luxon, Elizabeth Gale and Stafford Dean

pect from their Glyndebourne and Ottavio, was glossed over. Mozart. Some of the rancid, but mellowness will no doubt for example, in "La ci darem" prevail. The second series of and in the change of key in the performances, with Haitink con- crispness and easy flow we ex-

begins on July 8. The wind blew fresh, as it often does for Glyndebourne openings, but the light, with a full moon soaring, was miraculously clear.

Open Air Theatre, Regent's Park

# Love's Labour's Lost

BY MICHAEL COVENEY

The clouds cleared for the opening of the summer season in Regent's Park and everything continued as normal in this lovely setting. David Conville's produc- tion of this trivial and beguiling comedy survives from last year, as does the striking Berowne of Clive Arrindell. The setting area is a newly mown glade, more circular than I remember it, now bugged by the amphitheatrical seating and surrounded by holly- holly and, of course, the tall, swaying trees. An ideal setting for the intellectual retreat devised by the King of Navarre for himself, the questioning Berowne and the other two courtiers.

Their academic isolation is interrupted by the arrival of the Princess of France (Philippa Gall) and her three ladies. All of whom, naturally, have pre- vious acquaintance of their opposite sulky numbers. Care- fully wrought essays have been written about the impact of Costard, Dull and Jaquenetta upon the decorous games of wooing and pretence; but the park allows of little subtlety and, equally, of little true realism in the playing. So characters at every social level are projected only for their farcical worth. Jaquenetta is given a gener- ously hnxom and full-blooded reading by Celia Imrie; while Granville Saxton's Don Armado, the unwitting link between court and country, is a full-blown military caricature with an accent wavering uneasily between Spao and Ireland, correctly pretentious in the thespian extravagance of his appraisal. It is impossible for any amount of colouring to make the two quartets of lovers interesting. What is important is that their lines make some sort of sense (difficult enough with so devious and outmoded a text). This the company manages admirably: Louise Parrell never stops try- ing to find a way through the silliness of her part as Berowne's Rosaline while Mr. Arrindell projects, for the most part, excellent meaning and much passion. I am surprised that so few of the opportunities for masque effects are taken. When Marcade arrives to interrupt the penultimate reveal with the news of the King of France's death, he completes a tediously arranged semicircle of actors thus ruining the dramatic effect. The interval comes after the first four acts, which helps give the play a more obvious shape. And the second half begins with Richard Golden's pedantic Nathaniel cheating his way through an interpolated game of bowls with Dull. The tiny, park allows of little subtlety and, equally, of little true realism in the playing. So characters at every social level are projected only for their farcical worth.

# Drums Along the Ginnel

by MICHAEL COVENEY

The Jubilee procession is diverted on its way from Palace to Westminster they to pay a visit to Brig- use, Yorkshire. With the di- ence either side of a thin ie line in the Brighouse opping precinct, Percy conard Kavanagh) and Fel- ad (Bryan Pringle) are the e representatives of a less- n-eger local population. an Plater uses his lurid, un- rational piece to define two oasting attitudes towards a festivities; Percy, in his ratha blazer and carrying a blue plastic bag, is the bodiment of unquestioning alty, while Felstead is the sively scornful of all the hlyho. Felstead gives three reasons the attendance is sparse: 1) publicity for the event has en dreadful, amounting to a ster in the library and a card the post-office; (2) to-day is e Final Day in the Michael rkinson Rose Bowl competi- on on the local green; and (3) "No one gives a hunder way." The piece is slight d sentimental, full of typical ater references to whippets, er-willing, bingo and football. Felstead's emotional and indi- stesite for Percy's syrophantic



Bryan Pringle and Leonard Kavanagh

# Elizabeth Hall Bartok Quartet

by ARTHUR JACOBS

Superlative chamber music as produced on Tuesday by a string quartet from Budapest rich in an American pianist living in London - not the most likely of musical combinations. As partner of the Bartok Quartet, Craig Shephard showed in the *Neo Quintet* of Schumann that he has an understanding of that medium not always given to eminent solo pianists. He knew just when to assert his instru- ment's tone, when to blend it with the strings; when to lead the ensemble and when to take on a supporting role. The end of the second movement (an almost sinister march) and the beginning of the third provided notable illustrations of this. If there was an even more impressive artistic communication when the string-players began the programme with Mozart's *Quartet in G, K.455*, and Bartok's *Quintet* in C, this was only because of a slightly flawed quality in Schumann's work itself. Flashes of creative genius it has (the treatment of the march-theme is one; the very opening is another; but else- where I cannot help feeling something padded or inflated. Mozart's and Bartok's pieces, on the other hand, keep perfect proportion. The late Mozart

## Record Review

### The English: Bach

by RONALD CRICHTON

J. C. Bach *Sinfonias* op.18 (com- plete), op. 9 No. 2, and *Sinfonia* concertante for oboe and cello. Netherlands Chamber Orch./ Zimman. 2 records in sleeve. Philips 6780 025, £3.50.

Weber Songs. Hill, Hogwood, Oiseau-Lyre DSLO 523, £3.50. Massenet, Hahn, Fauré French Romantic Songs. Hill, Constable. Saga 5419, £1.50.

Tippett *Boyhood's End*, Songs for Achilles, Songs for Ariel, The Heart's Assurance, Langridge, Constable, Walker Oiseau-Lyre DSLO 14, £3.50.

John Christian, the "English" Bach, remains a shadowy figure to the musical public in general, honoured as an historical figure of great importance for the development of symphony and opera yet when heard in performance often sounding blandly, amiably galant. The Philips two-record set by the Netherlands Chamber Orchestra conducted by David Zimman is polished, expressive readings of seven symphonies and of a *Sinfonia* concertante in F for oboe and cello, gives a more positive view of a composer urbane but not slick, vivacious but not garrulous.

The six Symphonies (properly *Sinfonias*) forming Bach's opus 18, all here together with one from op. 9, include three for double orchestra. Though the thrust and counter-thrust come through adequately, there is too much resonance for complete comfort. The single-orchestra symphonies include one or two which in the 18th century way did duty as well as opera over- tures, as did op. 18 No. 2 for *Lacio Silla* not to be confused with Mozart's opera on the same subject. These likable works reveal the debt owed to J. C. Bach by Mozart and Haydn but are welcome on their own merits.

Marty Hill, one of our most stylish young tenors, has a perfectly steady voice admirably suited to the gramophone. His two song recitals are each in their way rewarding. The more unusual is the selection of songs by Weber, given with fortepiano accompaniment by Christopher

Hogwood. This is one of Oiseau-Lyre's Florilegium series, made with original instruments or copies. The fortepiano, whose increasingly frequent appear- ances in the concert-hall are not invariably successful, records beautifully: song accompani- ments that would sound trite or empty on a modern piano sud- denly make sense. Mr. Hogwood's touches of colour from the forte- piano stops, which in this case include a "Turkish" battery, are delightful.

For Weber, song-writing if not a major preoccupation was a fairly frequent one. He may have lacked the born song- writer's penetration of the full meaning, implications and atmosphere of a poem (and seems to have been aware of content with unambitious verse) but he had the born opera-

pupil, who had fewer operatic opportunities, lavished his genuine if slender gifts on song-writing. His Verlaine settings are among the best of any com- posers. Three of them are here, also the youthful "Si mes vers avaient des ailes" and the delectable "Passignol des lilas." Mr. Hill, as happy in French as he is in German, sings them to a nicety, except that he some- times thins out his line too much. In the Fauré group he and his pianist John Constable skilfully avoid the English singer's usual mistake of wallow- ing instead of keeping going. Their one momentary failure, at the close of the simple-seeming but treacherous "Lydia," is the more noticeable.

The jump from Belle Epoque Paris to Tippett's world of tele- grams and anger cutting short boyhood ecstasies is a steep one. Tippett's songs are tangential to his operas. This useful record by Philip Langridge, with John Constable cool as a cucumber in the proliferating piano parts and Timothy Walker a shade dry as Achilles' guitar, embraces both the war-poem cycle *The Heart's Assurance*, written while Tippett was working on *The Midsummer Marriage*, and the W. H. Hudson cantata *Boyhood's End*, which prefigures the opera. *Songs for Achilles* are an extension of material in *King Priam*. *Songs for Ariel*, were written for *On the Water*, but their luminous shadow forward to *Dov* in *The Knot Garden*.

Of the two larger works, *Boy- hood's End*, probably because the Baroque cantata background is more familiar to-day than when Tippett's highly personal treatment of the form was new, comes up fresher than *The Heart's Assurance*. Mr. Lang- ridge is intelligent and sym- pathetic in both. He captures the haunting, suggestive quality of the Ariel songs, in which the composer's exuberant personality so completely adopts itself to the needs of the theatre - a vocal line with a small range and a simple accompaniment. The *Achilles* songs on the other hand, are a robust genre, a Richard Lewis, a Vickers or a Reynaldo Hahn, a Massenet, Melchior.

Book Reviews are on Page 31

# Thorndike Theatre, Leatherhead Northern Ballet Theatre

by CLEMENT CRISP

An evening in which a merely adequate account of John Cranko's *Beauty and the Beast* was a step in the right direction. The high-spot, augurs ill for a ballet company. At the Thorndike Theatre, Leatherhead, this week, Northern Ballet Theatre (Northern Dance Theatre renamed) is on view with two programmes. I saw the first on Tuesday night, and found it depressing. There is a real need for regional ballet companies; but there is an equally real need not to fritter away energies and hard-won public funds on weak dances in which inexperienced dancers flounder. NBT has had a checkered and not very happy history: after seven years existence it does not appear to me to offer the example of an ensemble, and a positive identity, that should be the fruit of so much time. Of course good dancers and good ballets are hard to come by, as standards away from the Royal Opera House prove. NBT has some pleasing artists - all Kan Chlang and Amanda Maxwell were well worth watching on Tuesday - and a choreographer of ability in Jonathan Thorpe; yet the evening did little for the dancers or for Mr. Thorpe. One might excuse the truncated and optimistic account of Bouronville's *Konventionen* as an attempt to stretch the dancers, were there much evidence that its great stylistic difficulties could be generally overcome. The version of *Beauty and the Beast* was a step in the right direction. The high-spot, augurs ill for a ballet company. At the Thorndike Theatre, Leatherhead, this week, Northern Ballet Theatre (Northern Dance Theatre renamed) is on view with two programmes. I saw the first on Tuesday night, and found it depressing. There is a real need for regional ballet companies; but there is an equally real need not to fritter away energies and hard-won public funds on weak dances in which inexperienced dancers flounder. NBT has had a checkered and not very happy history: after seven years existence it does not appear to me to offer the example of an ensemble, and a positive identity, that should be the fruit of so much time. Of course good dancers and good ballets are hard to come by, as standards away from the Royal Opera House prove. NBT has some pleasing artists - all Kan Chlang and Amanda Maxwell were well worth watching on Tuesday - and a choreographer of ability in Jonathan Thorpe; yet the evening did little for the dancers or for Mr. Thorpe. One might excuse the truncated and optimistic account of Bouronville's *Konventionen* as an attempt to stretch the dancers, were there much evidence that its great stylistic difficulties could be

## Kimberly-Clarke sponsorship for Unicorn Theatre

Kimberly-Clarke appropri- ately in Silver Jubilee Year with its emphasis on young people, has pioneered a break- through in arts sponsorship. The Unicorn Theatre for Young People has assisted in the design and production of "Paradise in Paper," an exhibi- tion based on Klee's tissue products on view at Reed House, Piccadilly. In return Kimberly-Clarke has part-funded a van in which Unicorn's Street Theatre show, Friday free of charge until July the autumn and winter, the van, transformed into a mobile box office, will visit schools, play- grounds, parks and other places where children meet to tell them about the plays Unicorn presents for four to 12-year-olds at its theatre in Great Newport Street, W.C.1. The Unicorn Theatre will now seek commercial sponsorship for its Autumn season; meanwhile the exhibition it has pro- duced, "Paradise in Paper," can be seen at Reed House, 82 Picca- dilly, W.1, from Monday to Friday free of charge until July 13.

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EUROPEAN NEWS

Turkey in foreign exchange crisis

By Dominick J. Coyle ANKARA, June 1. FIVE DAYS before a crucial general election here, there are strong but unofficial indications that Turkey has in effect run out of foreign exchange reserves.

Soviet dissident arrested in treason investigation

BY DAVID SATTEN

MR. ANATOLY SHECHARANSKY (29), an active member of the dissident committee to monitor Soviet observance of the Helsinki accord, is being held by KGB security police in connection with charges of treason, dissident sources said today.

His mother was informed today in a letter from the Soviet Prosecutor that her son, a computer programmer who has tried unsuccessfully to emigrate to Israel, is being investigated under the treason paragraph of the Russian criminal code which covers espionage, conspiracy against the Soviet Union, and voluntary flight across the Soviet border.

Mr. Shecharansky was arrested on March 15 after being denounced in the Soviet Press along with other Jewish emigration movement members as a paid agent of the CIA.

The treason investigation brings to an apparent climax the official campaign against members of dissident Helsinki agreement monitoring committees. Nine members of dissident committees in Moscow, Kiev and Tbilisi are now under arrest.

In Moscow, there are only four members of the original Helsinki monitoring group who have any prospect of being active in the future. Dr. Yuri Orlov, the leader of the group, and Mr. Alexander Ginzburg, as well as Mr. Shecharansky, are under arrest. Mrs. Lyudmila Alexeyeva has emigrated, and Dr. Yuri

MOSCOW, June 1.

Yuruk, a physicist, has received permission to emigrate and will leave the country shortly. In its final report before the forthcoming 35-nation conference in Belgrade, at which progress of the Helsinki accord will be reviewed, the dissident committee said that the Soviet Union has completely failed to honour the human rights commitment it made at Helsinki.

It said that there is no freedom to travel outside the country, no freedom to choose one's place of residence, and no free exchange of information, and that since the Helsinki conference there has been no improvement in any of these areas.

The report also claimed the Helsinki agreement has had no direct influence on the human rights situation within the Soviet Union. It cited the arrest of nine members of the Helsinki group monitoring committees, as examples.

It contended that the only way for the Belgrade review conference to realise the goal of tying human rights to security and co-operation between different countries, is to formalise the commitment on human rights contained in the agreement and establish objective criteria for compliance, so that violations can be verified. Unless there are formal commitments and objective means of measuring their fulfilment, a human rights record like the Helsinki agreement will have no meaning, it said.

Foreign holdings in W. Germany increase

By Guy Hawtin

FRANKFURT, June 1.

FOREIGN direct investment in West Germany rose by over DM3bn. (£740m.) last year, to a total of DM45.52bn. (£11.24bn.), according to figures from Commerzbank, the country's third largest commercial bank. The leading overseas investors were Japan and Sweden, both of which slashed their investments in Germany.

Admittedly, West German investment overseas continued to grow far faster and, at the end of 1976, for the first time exceeded total foreign investment in the Federal Republic, with a grand total of DM47.05bn. (£11.52bn.). This, however, is hardly surprising in view of the low world rate of capital investment which has followed the recession, coupled with the upward course of the D-Mark which has given German investors good value for money overseas, while discouraging investments from leaving Germany.

Commerzbank's figures show that just over 95 per cent of foreign investment in the Federal Republic comes from ten countries: the U.S., Switzerland, Holland, Britain, France, Belgium, Luxembourg, Japan, Sweden, Canada and Italy.

The Middle Eastern oil states — despite some spectacular individual engagements — have played a small role in this field. Although they doubled their investments between 1974 and 1975 from 0.5 per cent of total foreign investment to 1 per cent, they did practically nothing to step up their investments last year.

The U.S., which last year increased its total by 4.4 per cent, remains West Germany's largest single source of foreign investment. However, during the past ten years its holdings have slipped from around 48 per cent of total investment to 39.3 per cent. Swiss holdings rose by 9.2 per cent, and accounted for 16 per cent of foreign investment. Holland's went up by 10.3 per cent to 10.3 per cent of the total, for 12.5 per cent of the total.

Investment from Britain, which holds 8.7 per cent of the total, grew rather slowly — by only 3.5 per cent. In contrast, France, with a 5.7 per cent share, increased its total by 1.5 per cent to 5.7 per cent. Luxembourg, with 5.4 per cent, increased their holdings by 4.5 per cent.

The most spectacular growth came at the bottom of the league table. Japan, which accounts for just 2.2 per cent of the total, pushed up its investment by 27 per cent. Sweden, with 2.1 per cent, increased its holdings by 17.2 per cent. Canada's increase was 3.1 per cent, bringing its share to 1.2 per cent, while Italy's investments went up 11 per cent, to 1.1 per cent of the total.

According to the report, some 75 per cent of capital investment has been directed to ten main economic sectors — oil processing, 12 per cent; machinery in Germany, 10.8 per cent; mechanical engineering, 9 per cent; electronics, 8.9 per cent; chemicals, 8.4 per cent; banks and credit institutions, 6.6 per cent; the motor industry, 5.1 per cent; iron and steel production, 5 per cent; food and related products, 4.2 per cent; and rubber and asbestos processing, 2.4 per cent.

The fastest growing sectors were oil processing, with a 21.5 per cent increase, and the motor industry where the growth rate was 15 per cent. Overall growth in these ten main target areas was 7 per cent.

French wage curbs pare rises in buying power

BY DAVID CURRY

EVIDENCE that the French Government's wage controls are cutting sharply into the increase in purchasing power of wage earners came today with the publication of figures showing that over the first quarter of this year the rise in hourly wages was held to 3.3 per cent. This translates into an increase in purchasing power of only 0.4 per cent, which the Government says is due to adjustments dating from agreements made before the application of the austerity plan of the Prime Minister, Raymond Barre, last September.

In general, the Government is satisfied that industrial employers are limiting wage increases to sufficient to compensate for cost-of-living rises. The April-April rise in hourly wages was still 13.1 per cent or 3.2 per cent in purchasing power. The first quarter figures, however, are the most modest since 1969, and will comfort the Government following the jump in the cost-of-living index of 1.3 per cent in April, the worst monthly inflation for three years.

Taken together, the figures illustrate the reasons for the union militancy against wage controls. The Government's policy of linking the Greek negotiations to those with the other two countries. The intrinsic value of the Greek candidature alone must be considered," he said.

The Ministry of Labour has meanwhile revealed that the numbers of industrial and commercial wage earners declined by 0.2 per cent over the first three months of 1977, and by 4 per cent since 1974. The latest deterioration comes after a slight recovery in employment last year, and the Government expects that unemployment is likely to get worse over the rest of 1977.

The official INSEE Statistics Institute has published the results of its latest survey of business opinion. This shows a slight decline in industrial output over the coming months. Although export order books are relatively healthy, domestic orders are insufficient and stocks are accumulating.

The Government is not overly worried about this since industrial output over the past year has varied between the marginally pessimistic and the optimistically optimistic, and the survey shows no particular change. But the slowness of in-

dustrial recovery has prompted the revision of 1977 economic growth from 4.3 per cent to 3.5 per cent. The rise in the cost of living in April, which included a 1.6 per cent increase in food prices, has prompted the Government to take action against abuses of price guidelines in the food distribution business. It will tax the margins of wholesalers and importers of fruit and vegetables, while publicising over the summer months indicative price brackets for the main fruits and vegetables, both to encourage producers to seek a fair return themselves and alert the consumer to any profiteering.

Increasing concern over enlargement of EEC

BY OUR OWN CORRESPONDENT

PARIS, June 1.

THE INCREASING differences of opinion between France and the other larger members of the EEC about enlargement of the Common Market, and the shifts in the French position, were underlined yesterday when the Government faced severe questioning in the Senate over its policies towards the admission of Greece, Portugal and Spain.

Mr. Louis de Guiringaud, the Foreign Minister, was categorical in his assertion about the need to speed Greek entry. "The promise has been given. There must be no slowing down or blocking of the procedure any more. There is no question of linking the Greek negotiations to those with the other two countries. The intrinsic value of the Greek candidature alone must be considered," he said.

Claiming that Greek entry alone had "the unanimous endorsement" of the Nine, M. de Guiringaud did not disagree with the Senator who spoke of Portugal's entry as "requiring ten years" and Spanish entry as "something for the future," though he was careful to say that all three countries should contribute to giving Europe a healthy, domestic order, are insufficient and stocks are accumulating.

French concern over enlargement has focused on the competition from Mediterranean farm produce on farmers in southern France growing the same crops — particularly fruit, vegetables and wine. M. Pierre Mebaignerie, the Agriculture Minister, repeated France's demand for modifications of the Common Agricul-

summer months indicative price brackets for the main fruits and vegetables, both to encourage producers to seek a fair return themselves and alert the consumer to any profiteering. Although the Government is reluctant to embark on the unrewarding task of intervention in the distribution system, it has little choice but to respond to the clear abuse of its austerity programme, given by small importers of fruit and vegetables, while publicising over the

Increasing concern over enlargement of EEC

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Brezhnev likely to be president

BY OUR OWN CORRESPONDENT

MOSCOW, June 1.

MR. LEONID Brezhnev, the Soviet Party leader, now appears ready to assume the Soviet presidency, which would also make him head of state.

Bulgarian leader Todor Zhivkov referred to Mr. Brezhnev as the "first party and state leader" of the Soviet Union, in a speech at a Kremlin dinner shortly after his arrival in Moscow on an official visit. Mr. Zhivkov, who himself combines the post of chief of state and chief of party, as do the leaders of six other socialist countries, would not have used such a formulation unintentionally, diplomatic analysts said.

During the Zhivkov visit, Mr. Brezhnev performed functions previously reserved for the Soviet President — still officially Mr. Nikolai Podgorny who was

dropped from the ruling Soviet Politburo on May 24. He presented the Bulgarian leader with the Order of Lenin, the highest Kremlin award.

Mr. Podgorny remains Soviet President, but he has not been seen or heard from since being elected to the Politburo at the Central Committee plenum. There was no mention of his being present when the President of the Supreme Soviet — the body he normally chairs — met on May 27 and his signature has ceased to appear under official letters and proclamations.

It is expected now that Mr. Podgorny will be stripped of the Presidency at the June 16 meeting of the Supreme Soviet, the Soviet Parliament. This would clear the way for Mr. Brezhnev to become President. The new

Soviet constitution, which is scheduled to be published this week, will probably have a provision allowing for Mr. Brezhnev's assumption of the office of President.

It now appears that Mr. Podgorny was forced out of the Politburo by a majority of the Politburo decided to strip him of the Presidency and confer it on Mr. Brezhnev. Mr. Podgorny had been resisted the decision. Had he gone along with the idea, he might have remained in the Politburo, and Mr. Brezhnev could have waited until the festivities surrounding the 60th anniversary of the October Revolution to assume the presidency, as provided in the constitution prepared under his guidance and in his name.

New questions on Leopard tank affair

BY PAUL BETTS

ROME, June 1.

THE CONTROVERSY concerning an alleged shipment last year of Leopard tanks, assembled by the Italian semi-State Oto Melara concern, to Libya has entered the Italian political arena. This follows a motion tabled by the Socialist Chairman of the Defence Commission of the Italian Chamber of Deputies, Sig. Falco Accame, asking the Trans-

ports that 20 Leopard tanks were loaded on a merchant ship en route from La Spezia to Marsaille in February, 1976.

An Italian newspaper reports that the Leopard tanks sent to Libya when they are said to have been dismantled and examined by Soviet experts. The Leopard tanks form part of Nato armament. Oto Melara, to which the State company Eim has a major shareholding, categorically denied the allegations.

According to the Socialist Party newspaper, Avanti!, there are 4,496 Leopard tanks at Oto Melara's disposal, while 200 Leopards are used by the Italian army. The paper also reported today that a further 600 Leopards are understood to be under construction in Italy.

Oto Melara assembles the tanks under West German licence on the agreement that they are the exclusive use of the Italian armed forces.

Adrian Dicks in Bonn adds: A spokesman for the West German Ministry of Defence said today that Bonn is still trying to establish the facts of this case.

Should it turn out that the Italian licences for the tank did allow Leopards to be exported even to Libya, however, an extremely embarrassing situation for Bonn would arise. West Germany is practically alone among countries possessing a sophisticated armaments industry in enforcing extremely strict restraints on export sales. Although this policy has been discreetly challenged, the list of countries allowed to be supplied remains, for most purposes, limited to Nato members, Japan, Australia and New Zealand, Italy, Austria, Belgium, Denmark, Canada, the Netherlands and Norway have all bought the Leopard. Iran is among countries known to have been turned down by Bonn, while it is believed here that President Sadat of Egypt has expressed an interest in buying the tank. Although West Germany is on good terms with both countries, it has not apparently given serious thought to waiving the weapons export rules for them.

ARMS AND THE MINISTER

An Austrian tragi-comedy

BY PAUL LENDVAI IN VIENNA.

THE ARMS scandal that culminated this week in the resignation of the Austrian Defence Minister began at Vienna airport on December 7, last year when Air Staff, customs officer intercepted a consignment of 400,000 rounds of ammunition and 600 snipers' rifles addressed to the General Command of the Army and Armed Forces, Damascus, Syria. The Procurement Agency of the Austrian Army was named as the sender. Such a consignment to a Middle East country at war with Israel would have violated Austria's neutral status, the federal police and Ministries of Interior and Foreign Affairs were immediately notified.

The rifles were classified as "sporting guns" which require no permit, but arms exports usually require approval by the Interior, Defence and Foreign Affairs Ministries, except when the Austrian Army acts as seller, which case a Foreign Affairs Ministry permit suffices. The Defence Ministry's initial reaction was to assure the customs officials that all was in order. However, the Foreign Minister, Dr. Willibald Faber, smelled a rat and personally alerted the Defence Minister, General Karl Luetgendorf, who now claims he stopped the consignment and ordered an immediate investigation. Nevertheless, ten days after the arms export had taken place, Mr. Alois Weichselbauer, recovered all the ammunition from army depots and managed to get it off on its way to Tunisia, he claimed.

The affair did not become public until January 12 this year when the weekly magazine Wochenpresse carried a report of the airport incident. The Minister of Defence, Mr. Weichselbauer was the authorised agent of Steyr-Daimler-Puch, one of Austria's largest companies and chief supplier of the Austrian

Tunisia and that there had been a misunderstanding, due to wrongly addressed labels. Two weeks later the opposition People's Party tabled a motion of no confidence in Parliament. The motion was defeated and the Chancellor, Dr. Bruno Kreisky, reaffirmed what the Minister of Defence had said, but Wochenpresse, joined by another weekly magazine, Profil, kept up a stream of stories about the relationship between the Minister and Mr. Weichselbauer. The latter was by now asserting publicly that the Minister knew from the first that the ammunition was intended for Syria.

The chief ammunition producer in Austria is the Hirtenberger Munitionsfabrik which exports 80 per cent of its Sch.55m. turnover.

In all, the Austrian arms industry provides 6,000 jobs and its exports last year are estimated to have totalled Sch.1.6bn. (about £50m.). The modest needs of the Austrian Army cannot support even the manufacturing of small arms and light tanks. Without steadily increasing exports, the Austrian arms manufacturers cannot survive on a highly competitive market. Yet Austria's neutral status precludes the sale of military hardware to countries at war.

The enormous publicity of the past few months is unlikely to help sales prospects even of non- or semi-military goods in Syria or Tunisia. It remains to be seen whether Chancellor Kreisky's recent trip to Damascus will help avert adverse consequences.

What started and ended as a characteristic Austrian tragi-comedy with a baron and professional officer in a Socialist Government as the fallen hero, may now pose a serious threat to a minor, but nevertheless highly lucrative segment of the Austrian industry. It is this aspect, and not the Government's reputation, engendered by Luetgendorf's exit, which is causing so much anxiety among Austrian union leaders.

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Central banks holding Sw.Frs. 10bn.

BY JOHN WICKS

ZURICH, June 1.

IN WHAT IS thought to be the first ever estimate of the first ever public estimate of the volumes of Swiss franc funds held by central banks outside Switzerland, an official of the Swiss National Bank said yesterday that more than Sw.Frs.10bn. (£2,833m.) was believed to be held in official currency reserves.

The estimate was given by Mr. Martin Thomann, head of the Bank, in a speech emphasising the Swiss intention to intensify efforts to prevent the Swiss franc from becoming a reserve currency. Efforts were being made in

co-operation with other central banks not only monetary authorities in the world always share our view," he said.

Mr. Thomann stressed the importance, attached by the national bank to keeping control of the country's currency, domestic banks as far as possible. The national bank was sufficiently informed on the use of the currency in international trade between third countries, he said, and indicated that other central banks would be approached when appropriate information was obtained. Also, the bank was currently studying

problems in connection with the substantial use of the Swiss franc as a means of payment. With regard to the Euro-Swiss franc market the volume had dropped from almost Sw.Frs.53bn. in 1973 to some Sw.Frs.40bn. each in 1976 and 1977. One reason cited was measures to limit foreign demand for short-term Swiss francs, he announced a plan to extend an agreement by which Swiss banks with foreign branches refrain from arranging Euro-Swiss franc deposits or direct investments in Swiss francs for these markets.

Ireland yawns as campaign becomes bogged down

BY GILES MERRITT IN DUBLIN

IRELAND'S general election disappeared of the front pages of both Dublin evening newspapers yesterday. It was an accurate reflection of the mood of the country, for the campaign is stubbornly refusing to catch fire and turn into the acrimonious political slanging match that the Irish so confidently predicted.

It is, no doubt, only a question of time, but as the first week of the three-week campaign draws to an end, Government and Opposition are still watching warily to see what the hot issues will be.

More accurately, they are squabbling publicly over what the issues should be — inflation and unemployment or security and the Northern Ireland question. Recession-hit and Unionist Ireland has a wealth of choice, but the bewildered elec-

torate appears to be looking on while the politicians busy to isolate the issues that suit them best. Right now they are still picking holes in each other's election manifestos.

If the Fine Gael-Labour coalition can keep the spotlight off its economic record, it stands a good chance — on June 16 of making Irish history on the first election since the first coalition in office. If Fianna Fail, after four years of lacklustre opposition, can play down the Northern Ireland dimension on which its record has been ambivalent at best, it might resume the 16-year administration that it believes was interrupted by an electoral hiccup in February 1973.

The people have, in fact, already said what they think this 1977 election is all about, but that is generally being

ignored by the candidates, possibly by their cost or polling day.

The first in a series of opinion polls — a new departure in an Irish election — revealed that, nearly 70 per cent of those sampled considered inflation, prices and unemployment the most important issues, with a further 11 per cent citing taxation. Ulster was an also-ran at 2.3 per cent. As the opening poll during the campaign, this NOP (National Opinion Polls) survey normally avoided the central question of voting preference, but the last attempt to gauge public strength was made by a poll three months ago, and that showed Fianna Fail enjoying 41 per cent support, the coalition parties 40 per cent, "others" meaning independents and such fringe groups as official Sinn Fein-Workers' Party, 6 per

cent. The Don't-knows were a sizeable 13 per cent.

If these two separate polls are any guide, the condone verging on complacency being shown by Mr. Liam Cosgrave, Prime Minister, and his coalition must surely be misplaced. An election centres on an economy that has shrunk so much as to put 18 per cent of the workforce out of work is bad news for the Government that presided over the slide.

The coalition's trump card is its 1973 constituency boundary redrawing, which has made useful use of the Proportional Representation system to reinforce its Dublin support base while weakening Fianna Fail's rural strength. The 148 seats in the Dail (lower house) are shared out between 42 constituencies. Under PR, a four-seat constituency is usually equally

divided between the Government and Opposition bloc, for 80 per cent of the vote is needed to win three of the four seats. Yet anything over one third of the vote yields two seats. Fine Gael and Labour are not overly strong in rural areas, and these four seats have therefore been spread around the country in the latest reorganisation.

Previously they were in Dublin to the coalition parties' disadvantage, for the capital is their stronghold. Now Dublin, which has a third of Ireland's 2m. voters, is chiefly three seats, so Fianna Fail has to do extraordinarily well to win more than one seat in three.

It is in the nature of Irish elections that at some uncertain point in the coming fortnight a massive and unpredictable issue will suddenly electrify the

campaigning. In 1973 the question of official Government use of private aircraft provided an irrelevant sideshow. But the basic factor that will determine the outcome remains traditionalism. If Ireland votes along the lines it always has, Mr. Cosgrave's coalition may even improve its small but workable majority. Yet almost a quarter of the voters this month will be going to the polls for the first time. Many of them are unemployed or under-employed school-leavers uncomfortably aware that Ireland faces a critical ten-year period during which its economic problems are expected to mount.

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After bid to... with... budget...

Capital spending...

Soviet sale...

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AMERICAN NEWS

Carter bid to halt clash with Congress on budget spending

BY JUREK MARTIN WASHINGTON, June 1. PRESIDENT Carter, back in Washington after a five-day holiday break, is dining in the White House tonight with the Speaker of the House, Congressman P. O'Neill, in a clear attempt to head off a confrontation with Congress over budgetary matters.

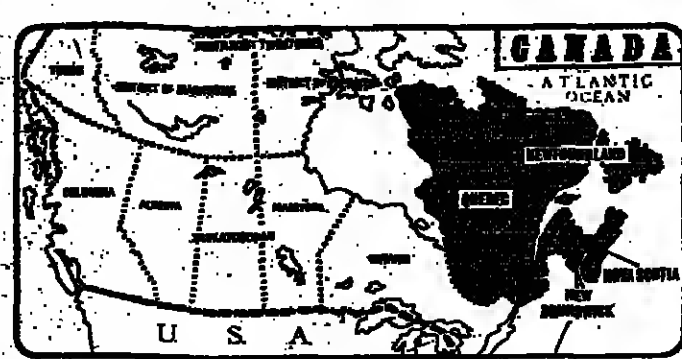
CANADA'S ATLANTIC PROVINCES

In line for the pinch if Quebec drives its wedge

BY W. L. LUETKENS, RECENTLY IN HALIFAX

CANADIAN PAPERS have a word for it: Bangladesh they say, rather unkindly, when considering the fate of the country's easternmost provinces if Quebec should break away from Canada.

success in a few cases. Newfoundland led the way with industrialisation at any price and is now paying for it: an oil refinery has failed, a linerboard plant is being phased out.



would compensate for other disadvantages. Under boom conditions it might, at present the hope is belied.

Capital spending steady

BY OUR OWN CORRESPONDENT WASHINGTON, June 1. CAPITAL SPENDING BY U.S. businesses fell in the first quarter this year from the fourth quarter of 1976 but was still rising at a rate that harbours hope for future economic growth.

The new Grundig Stenorette 2010. It leaves other dictation machines lost for words.

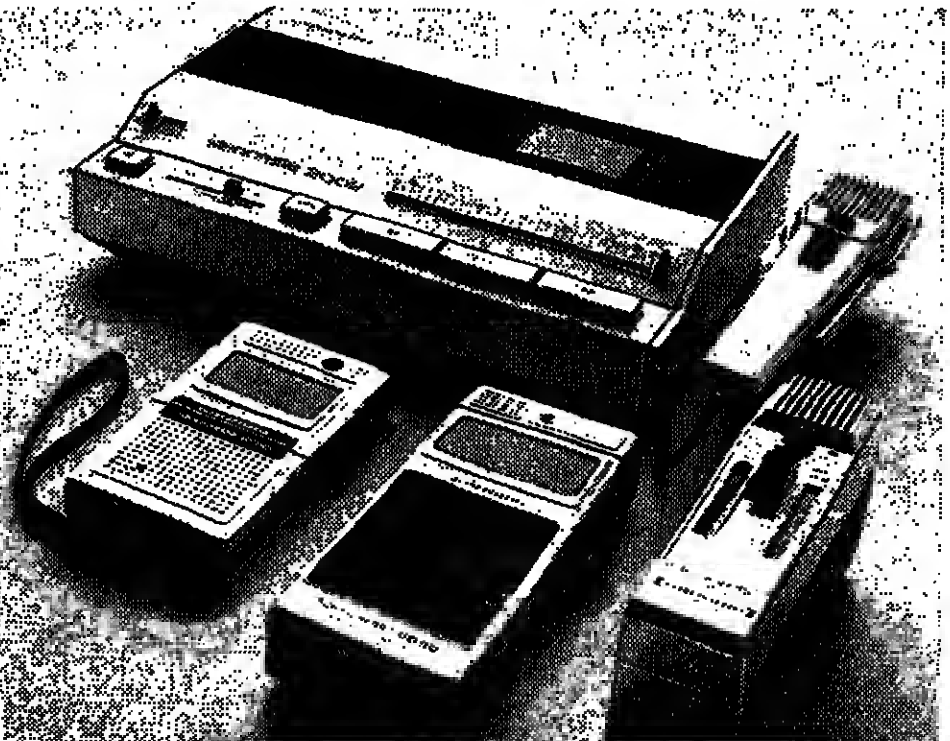


virtually impossible to erase information accidentally. The 2010 works off a mains adaptor too. When you're in the office or at home, the mains adaptor saves the life of your battery (the mains adaptor and a rechargeable battery are optional extras).

COM Soviet satellite failure

BY DAVID BELL WASHINGTON, June 1. THE U.S. DEFENCE Department last night lifted a corner of the veil of secrecy which usually surrounds its assessment of Soviet activities, and said that another Soviet attempt to test a killer satellite appears to have failed.

You're looking at the Stenorette 2010; the most advanced full feature, hand-held dictation machine of its kind. The 2010 is slimmer than most of its competitors. Because it's more compact, the 2010 fits neatly into your pocket, without spoiling the line of your suit.



\$6 Alaska pipeline tariff

BY STEWART FLEMING NEW YORK, June 1. ARCO Pipeline, one of the eight shareholders in the Trans-Alaska pipeline, has filed an application for a \$6.04 tariff to be charged to oil companies sending crude from Alaska's Arctic oil fields down the 600-mile pipeline to Valdez.

For further information on the Grundig Stenorette dictation range, fill in the coupon and post to: Grundig International Ltd., Newlands Park, London SE26 5NQ. Tel: 01-659 2468.

Name \_\_\_\_\_ Tel: \_\_\_\_\_ Company \_\_\_\_\_ Position \_\_\_\_\_ Address \_\_\_\_\_









# Exports to Europe of S. African steel to be drastically cut

BY ROY HOODSON

A SOUTH AFRICAN attempt to penetrate British and continental markets with large quantities of steel has come to a sudden end.

Diplomatic pressure upon South Africa by Britain and the EEC has led to an agreement under which South Africa will considerably reduce shipments to Europe of steel products. Neither the European nor South African authorities will disclose figures. But it is clear that the new agreement means the end, for the time being at least, of South African ambitions to create a new export market in Europe for steel.

In the sensitive market of reinforcing bars for the construction industry, South African exports to Britain and the continent have been savagely undercut by domestic producers. Some 44,000 tonnes of South African reinforcing bars were sold in the British market last year. The previous year, South Africa had not sold that commodity to Britain.

South African producers have also made big inroads into the British market during the last

# Industry presses government over Japan

By John Elliott

THE BRITISH Government came under pressure yesterday from leaders of both sides of industry to find early ways of tackling threats of Japanese goods making inroads into U.K. markets, before they harm British industry.

This emerged at a meeting of the National Economic Development Council when Mr. Edmund Dell, Secretary for Trade, reported on his recent visit to Japan and explained British policies to industrialists and union leaders on the council.

Sir Ronald McIntosh, director-general of the National Economic Development Office, said after the meeting that between a third and a half of the office's working parties on Government industrial strategies were concerned about immediate or anticipated imports from Japan.

Most of these were in mechanical or electrical engineering, and especially concerned all sections of the vehicle industry, the diesel engine industry, and companies producing office machinery.

"The view of our working parties is that we do not want the Government to wait for threats to become reality. One has to counteract the Japanese single-minded marketing policies," said Sir Ronald, adding that a list of potential danger areas ought to be prepared.

In a memorandum presented to the council meeting, Mr. Dell said that there was a serious imbalance of visible trade with Japan—1976 exports totalling only £359m., compared with imports of £796m. But, he added, the U.K. had a greater visible imbalance with six other countries and a surplus on visible trade with Japan which he estimated at more than £250m. a year.

"The basic problem with Japan is not so much the imbalance as the concentration of Japanese exports on a limited number of sensitive areas, and the difficulties our manufacturers, particularly of industrial goods, have in selling in Japan. This is not so much a matter of specific and identifiable tariff and non-tariff barriers, but a general reluctance of Japanese purchasers of industrial goods to source their requirements from abroad."

# U.K. tariffs on Spanish industrial goods to fall

BY ROBIN REEVES

BRUSSELS, June 1.

A SUBSTANTIAL reduction in U.K. tariffs on Spanish industrial goods will take effect on July 1, as a result of negotiations here aimed at updating the 1970 EEC-Spain trade agreement.

The talks failed to strengthen and broaden the economic content of the 1970 accord, as was envisaged when the discussions first opened. It was decided instead to hold over negotiations on substantive changes in the agreement until the autumn.

However, to avoid legal complications, both sides have agreed to apply the provisions of the original 1970 agreement between the Six and Spain to the U.K., Ireland and Denmark on July 1, in accordance with the Accession Treaty deadline.

For Britain, this will mean applying a 50 per cent. reduction in the EEC common external tariff on industrial goods coming from Spain, as do the original reciprocal cut in the Franco's deathbed decision of three left-wing and two Basque militants.

For a time, the U.K. tariffs on Spanish industrial imports enjoyed a 40 per cent. reduction, but this was rescinded in July last year because of a comparable gesture by Spain towards U.K. goods.

Under the EEC accord, certain EEC imports from Spain, notably selected cotton textiles, petroleum products, sherry, certain wines, and dried figs and dried grapes, are subject to tariff quotas and these are to be suitably enlarged to take account of the Nine members. But the trade arrangements for a number of agricultural and horticultural products covered by the Common Agricultural Policy (CAP) will stay unchanged until the end of the year.

Negotiations to amend the EEC-Spain trade agreement have been on and off the Community's agenda ever since Britain joined the Community. In 1975, talks were suspended as a result of Gen. Franco's deathbed decision to go ahead with the execution of three left-wing and two Basque militants.

# VENEZUELAN RAILWAY SYSTEM

## Consortium plan stalled

BY JOSEPH MANN

CARACAS, June 1.

PROGRESS on forming an international consortium to build the first leg of Venezuela's railway system has bogged down, and partners in the venture have not yet held substantive talks on putting together a new group which would satisfy both the Venezuelan Government and the partners themselves.

A Government contract worth at least \$1bn. for the construction of a 675 km railway is at stake. The line would link Venezuela's industrial centre in Ciudad Guayana with points near the capital. Six international groups presented bids on the project, ranging from \$850m. (Canada) to \$2,500m. (West Germany).

The Government declared all the bids unacceptable in April and asked two participants—the Canadians and a Spanish-Venezuelan consortium—to form a new group which would build the 675 km railway. The

group which builds the first leg of the railway would have a decided advantage in future contracts under the country's master railway plan, which calls for more than 3,300 km of new lines by 1990.

Sources involved in the rail negotiations said it was difficult to merge two different consortia which offered two distinct packages for building the railway. The future associates in this venture are also awaiting clarification from the Venezuelan Government on technical aspects of the railway. Original specifications were not well defined.

It was obvious when the Government announced its decision to call in the Canadians and the Spanish-Venezuelan company that none of the participants were excessively pleased with the arrangement.

The two groups felt they had presented acceptable offers which should have been considered on their own merits alone. Some observers seriously questioned

the wisdom of the Government's position.

One local businessman said the Venezuelans were unrealistically trying to get the benefit of the lowest bid—made by Canada—and the advantages of technology from Spanish-speaking countries by forming a "potentially incompatible consortium."

The reluctant partners have already missed one deadline for proposing a new consortium (May 14), but the Government has advanced the presentation date to the middle of this month.

One basic problem for the Government is that its steel facility in Ciudad Guayana is raising production to 45m. tons a year. Existing facilities for transporting the steel to domestic markets are limited to highways. Steel could more easily be shipped to foreign ports using the Orinoco River, which banks the Grinoco River, which banks the Orinoco River, which banks the Orinoco River.

The project will link Cairo, Suez, Ismailia and Port Said. The other will run from Alexandria to El Saloum. STC, which has been a major supplier to Egypt for many years, is also manufacturing multiplex equipment worth nearly \$2m. for contracts awarded by the Egyptians last year.

This represents a sizeable

# STC wins £5.5m. orders from Egypt

BY MARGARET HUGHES

STANDARD Telephone Cables has won two contracts worth £5.5m. for the supply of equipment to expand the Egyptian communication network. The project is being financed by Saudi Arabia.

The contracts, which were awarded by the Arab Republic Telecommunications Organisation, are for the supply of 4MHz coaxial line systems—which have a capacity of 900 telephone circuits—with multiplex equipment, coaxial cable and associated equipment.

One project will link Cairo, Suez, Ismailia and Port Said. The other will run from Alexandria to El Saloum. STC, which has been a major supplier to Egypt for many years, is also manufacturing multiplex equipment worth nearly \$2m. for contracts awarded by the Egyptians last year.

This represents a sizeable order for STC, which exports 30 per cent of its sales in the transmission equipment field. STC's main export business is in the submarine cables business, where virtually all production is exported.

Last year exports increased 30 per cent, to £95m. To maintain STC as the U.K.'s leading exporter of telecommunications equipment—this being direct exports from the U.K., since STC, in contrast to its main U.K. competitors, has virtually no overseas production capacity.

STC has had little success in exporting its telephone switching equipment (only 2 per cent of total sales) its production being dictated by the British Post Office's requirements. This has made the equipment unsuitable for overseas markets. But the company now has a sales force travelling abroad selling its new TSE-4 system.

# Afghanistan plans for the railway age

BY KEVIN RAFFERTY IN KABUL

A CENTURY after most of the rest of the world, Afghanistan is planning actively to enter the railway age at a cost of something well over \$2bn. If the plans go ahead they will mean the fulfilment of one of the last great railway building projects left in the world and also lucrative business for the construction companies chosen. However, there are a lot of questions unanswered in the statements of the Afghanistan Government.

According to the Government progress is going well and the railway is listed as one of the most important ventures of the seven-year economic and social development plan which started last year. A feasibility study is being done by the French company Sofrabel and is expected to be finished in a month or so.

The initial network according to the plan, will consist of 1,810 kilometres running from the Iranian border to Herat, then south to Kandahar, then north to Kabul, Afghanistan's capital. Another branch line will run from Kandahar to Spin Boldak where it may link with the Pakistan Railways close to Quetta.

But whether the Afghan railway ever gets built will depend largely on whether rich neighbour Iran is prepared to pay for it as the cost will be more than the total annual gross national

product of Afghanistan, which was \$2bn. in 1976-77.

There is a good deal of scepticism among most foreign experts here as to the viability and practicality of a railway, but Mr. Ali Ahmad Khurram, Afghanistan's Minister of Transport, was unabashed by the criticism.

"We have to think not only for five years ahead but for ten years and 25 years. The longer we wait the more the costs go up." The Minister said that Iran would provide the money for the building of the railway, he also added that Afghanistan was not dependent on any country.

Paying for the railway is just one of a series of factors surrounding the whole project. It is a curiosity of history, that Afghanistan is one of a handful of countries without a railway system, largely because it had no colonial power to build one.

A few years ago an Iran reprieve with oil funds offered to pay for the railway. No doubt of the Afghanistan was the prospect of luring Afghanistan away from its dependence on the Soviet Union which takes 40 per cent of Kabul's trade and is the all too obvious and powerful neighbour to the north.

Afghanistan, being landlocked and having to send its goods the long route to Karachi via either Peshawar, Rawalpindi, Lahore, or from Qandahar



splashing out huge sums of money on the Afghan railway. Afghanistan appears to have upset Tehran by embarking on a plan to build a dam on one of the tributaries of the Helmand river. The project was not in contravention of the river treaty between the two countries, but Tehran was irritated at not having being told beforehand.

The authorities in Kabul lend to play down these problems, but the ruffled feathers were sufficient to send President Daoud's brother to Tehran, who he is reputed to have sorted out the problems but to have come back with a better awareness of the financial constraints on Tehran. The railway could well depend on the report of the French consultants.

Another problem which outsiders have is in understanding the planned route for the railway. One of the main justifications put forward by Kabul is that the railway will help the swifter carriage of Afghanists to important mineral resources. The plan talks of 3.5m. tons of industrial, agricultural and mineral products being carried each year.

But the route for the system does not go near the most important iron ore reserves at Hajigah which are still being worked with Soviet assistance. It is true that it is only a short

distance as the crow flies between the deposits and the railway line, but even crows find it difficult to make progress through the mountain barriers between the area and the main Kabul Qandahar route. Again Kabul plays down the problem by saying that it has its options open and that when the potential has been properly calculated it might think again.

Still more difficult to envisage is a time when there will be enough traffic on the railway to justify its existence.

Even the developed, industrialised, heavily populated countries of Europe and the West are having to subsidise their railway systems. Afghanistan has none of their advantages. It is desperately poor, underdeveloped and sparsely populated. Thanks to American and Russian road building it has a superb road system linking all the major towns.

Talking to exporters, the road and road and rail system via the Soviet Union could be greatly improved, and goods take a month or more to reach London. However, even rail transport would face cross frontier problems either at Iran or Pakistan, or at many more points if the goods were to be taken by rail right across Europe. On the face of it, an Afghan rail network would be very much an investment for a long term future in a much changed Afghanistan.



## Yesterday.

## Today.

If the ignition timing on a motor car engine becomes advanced or retarded so that the spark fails to fire at precisely the right moment, this deficiency can lead to higher petrol consumption. Bosch has developed a new contactless transistorized ignition system which ensures spot-on ignition timing, and which never needs adjustment.

This new system makes constant maintenance and readjusting superfluous and gives better starting under all conditions.

Bosch ignition systems incorporating traditional contact breakers still give reliable service day after day in millions of cars.

But now new advances in ignition technology have made possible the development of an entirely new system: the contactless Bosch transistorized system.

On conventional systems the contact breakers have to be renewed every 6,000 to 10,000 miles. If this is not done, points wear causes changes in the timing of the ignition and the voltage of the spark. The engine consumes more fuel and misfires frequently.

The new Bosch ignition system will function perfectly for years on end without any need for adjustment or renewal of parts. The ignition impulse is produced and controlled electronically. There are no contact breaker points to wear out. So the ignition timing will remain constant for many years, and petrol consumption will be consistently low. Moreover, the proportion of noxious substances in the exhaust emission will stay at the lowest possible level.

The contactless Bosch transistorized ignition system increases sparking voltage by up to 40%. This means no starting problems, sure-firing ignition even with sooted-up plugs and a smoother-running engine.

We have considerable experience in designing our ignition systems. In 1897 Bosch developed the first mass-produced automobile ignition system. In 1964 Bosch introduced the first transistorized ignition system. All German and many European car manufacturers fit Bosch ignition systems.

There's more to Bosch than you think: Your car engine almost certainly has some Bosch parts; and it may well be tested by Bosch equipment at its next service.

Many of the goods people buy in their supermarkets have been packed with machines produced by Bosch. These provisions may be stored in a Bosch refrigerator or freezer in a Bosch kitchen.

Television viewers will have seen the Olympic Games through Bosch eyes, as many of the sporting events were televised by Bosch Fernseh cameras. News and entertainment in cars can be received with Blaupunkt auto sound systems.

Bosch electric power tools are at work on construction sites world-wide. Bathrooms and kitchens are equipped with Bosch fittings and built-in units. Deep-cooled blood stored in many European hospital blood-banks is restored to body temperature with Bosch medical equipment.

Bosch employs 5,700 people in research and development alone. Bosch have at present 10,000 patents throughout the world, with 15,000 pending.

Robert Bosch Limited, Watford, Hertfordshire





HOME NEWS

BNOC seals participation deal with BP

BY RAY DÄFTER, ENERGY CORRESPONDENT

THE "STAGE has been set for British Petroleum and the State-owned British National Oil Corporation to become closely linked in refining and marketing activities.

A wide-ranging State participation deal concluded yesterday says that BP and BNOC will seek to establish a long-term basis for downstream co-operation in the U.K.

It is the first of a series of agreements covering Government involvement in oil activities to be signed with a number of oil groups within the next few weeks. But it is clear that BNOC will be leaning particularly heavily on BP's marketing interests.

As expected, BNOC has gained access to up to 51 per cent. of all BP's crude produced from its interests in the North Sea. These include the big Forties Field, the Ninian Field and—should they be developed—the Magnus, Andrew, Buchan, Albatross, Andrew, Bruce and Crawford prospects.

If BNOC buys its participation share of output, it will pay the full market value. As expected, BP has safeguarded its refining operations by retaining the right to regain much of the participation crude oil, either through swap arrangements or under buy-back agreements.

In the next 18 months, for instance, all the oil BNOC buys will be sold back to BP; between 1979 and 1981 BNOC will retain only 13 to 16 per cent. of production. During the period 1982-1989 BNOC and BP will operate a fixed contract, with the Corporation retaining 16 per cent. of output in 1982 and 12.75 per cent. in the remaining years.

Mr. Anthony Wedgwood Benn, Energy Secretary, said the agreement was of "major significance" in the development of BNOC. The Corporation would have an effective voice in the running of all commercial oil fields in which BP has an interest.

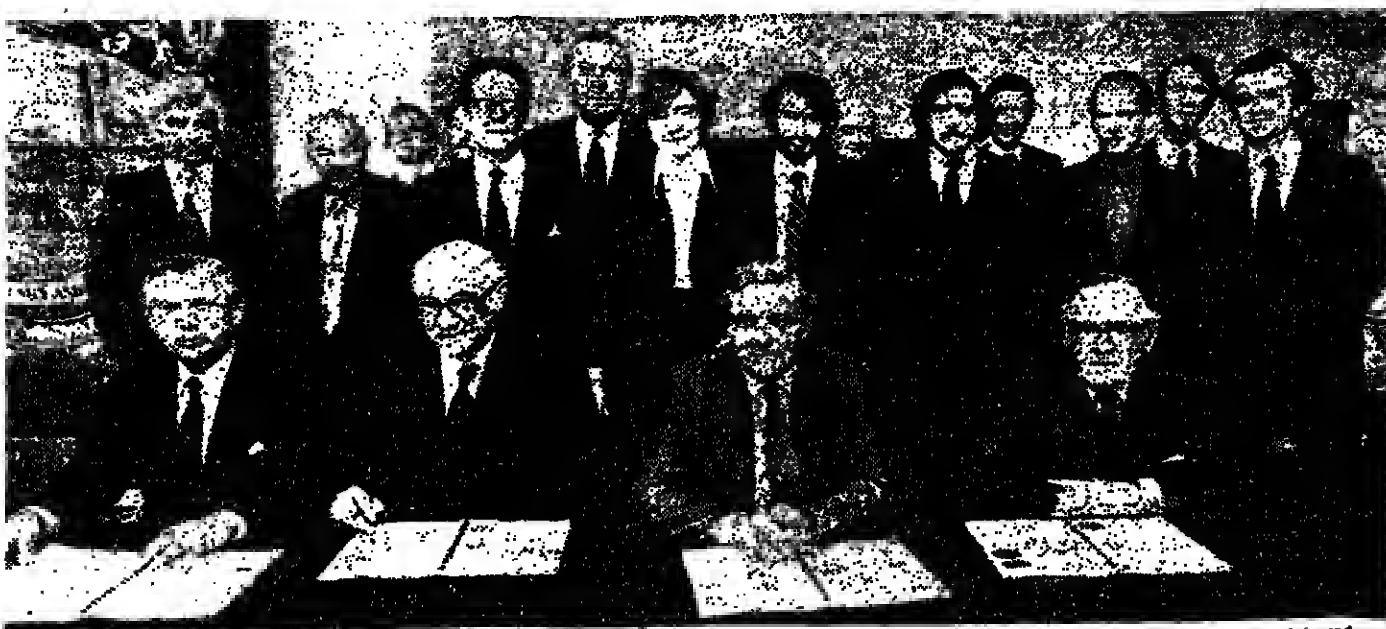
Marketing

Corporation staff will learn about oil refining and marketing as well as chemical manufacturing. This agreement covering downstream relations, expires at the end of 1981.

It remains to be seen how the long-term co-operation agreement will develop. Although Mr. Wedgwood Benn and the Corporation regard this statement as a key component of the participation deal, BP is taking a relaxed view of its implications.

The company feels that it merely leaves the door open to possible co-operative agreements where these might be regarded as mutually desirable. It was envisaged that it will not inhibit BP oil from progressing its development plans over the next few years.

But it was recognised in the oil industry that the long-term co-operation clause in the agreement would lead to future joint ventures between BP and BNOC.



THE SIGNING OF THE BNOC-BP participation agreement in London yesterday. Left to right, seated, Mr. Jack Birks, a director of BP Trading; Lord Kearnton, BNOC chairman; Mr. Anthony Wedgwood Benn, Energy Secretary; and Mr. David Steel, chairman of BP. In the background are the officials responsible for drawing up the agreement.

BP sales prospectus portrays bright outlook for operations

BY MARGARET REID

AN ENCOURAGING portrayal of trends at British Petroleum and of the outlook for its major North Sea and Alaskan operations will be contained in the prospectus for the Government's forthcoming £600m. sale of a 17 per cent. shareholding in the group.

The disposal will reduce the State interest in BP, which today reveals its first quarter profits, from 68 per cent. to 51 per cent.

The offer, the largest ever launched, of some 65m. shares, is expected to be placed on the market on June 14. But the timetable for the sale is unprecedented in complexity as it has not yet been finalised.

Intensive discussions are continuing on important aspects of the operation. It is planned to make between 20 per cent. and 25 per cent. of the shares in question available in the United States market. The precise proportion to be offered to American investors has, however, not yet been settled.

Secret talks are still continuing between the Treasury, the Bank of England and the U.S. Securities and Exchange Commission on the complex procedure for the offer. An important problem is that while the normal practice in the U.S. is for a public prospectus to be registered with the SEC and made publicly available 23 weeks before the price is fixed, U.K. practice points to fixing and underwriting of the offer price at an early stage.

There is, however, evident confidence in official quarters that this problem can be solved and the claims of U.S. and U.K. practice reconciled.

At present, and with the reservation that arrangements are not yet fixed, it appears that the first announcement expected on June 14 could reveal not only the total quantity of shares to be offered, but also the price at which the whole issue had been underwritten in sterling.

The detailed prospectus would then be published a few days later, with applications in Britain invited shortly afterwards. While procedure for the U.S. offer is still not settled, one possibility would appear to be that while the prospectus would be simultaneously published in London and New York, the offer price of the shares to U.S. investors would not be finalised until rather later.

This would allow an interval, acceptable to the SEC, for appraisal before terms of the offer, through the separate U.S. market, eventually crystallised.

Immigrants given more dangerous jobs—survey

FINANCIAL TIMES REPORTER

A SURVEY into accidents to immigrant workers in industry has shown they are no more liable to accidents than non-immigrants doing similar jobs.

The research team says that black workers are over-represented in industry's more dangerous jobs, and recommends that they should have more craft training and better promotion prospects.

The team, from Aston University, Birmingham, was commissioned by the Birmingham Community Relations Council. Its report, Accidents are Colour Blind, was published yesterday.

They investigated 4,000 accidents at five West Midlands firms, including a textile concern, two engineering companies and two arms working with hot metals.

The team was asked to investigate whether immigrants, because of their background, were more prone to industrial accidents than other workers.

The leader, Dr. Gloria Lee, said yesterday: "We could find no evidence to support the original idea that because somebody was an immigrant he would be more likely to incur an accident than indigenous workers."

She said employers could be reassured that they were not risking more industrial accidents or damage to equipment by employing immigrant workers.

The researchers were concerned at concentration of immigrant workers in certain areas of work, and immigrants did not appear to be working their way up through industry's structure to "any marked extent."

"One of the things that came out right from the start was that immigrant workers are not performing the same tasks as indigenous workers," she said.

Workers in administrative grades were omitted from the research because there were so few immigrants in those grades. The researchers recommend that industry make a determined effort to use skills of immigrant workers by not concentrating them in some areas and excluding them from others, expand opportunities for skilled craft training; provide language training; display safety notices in different languages; and improve promotion prospects for immigrants.

Warning of anti-EEC poll alliance

By Philip Rawstone

LORD HARLECH, chairman of the National Committee for Electoral Reform, yesterday warned of the dangers of an "anti-EEC alliance" in the Commons against direct elections to the European Parliament.

The combination of "anti-Market" forces who want to fight the referendum campaign all over again, and the blinkered first-past-the-posters who put their perception of their party interests first, could defeat the legislation, he told the committee's annual meeting in London.

"It would be a tragedy if that alliance prevailed," he added.

Lord Harlech, urging the Government to bring forward a Bill for the elections based on a system of proportional representation as soon as possible, said: "The last 12 months have seen significant advances in support for electoral reform and in the public awareness of the arguments in favour of it."

He said that the committee's campaign would try to focus the issue and give a voice to "the great mass of the British people who value fairness and good sense above the partisanship of the adversary warriors."

Maiden voyage for Belgian jettfoil service

By Ian Hargreaves, Transport Correspondent

EUROPE'S first jettfoil service completed its inaugural round trip between the City of London and Zeebrugge, Belgium, yesterday.

The 115-ton Flying Princess, a Boeing jettfoil on charter to P & O for a year cost £5m., and made the 130-mile crossing in just under 34 hours, travelling at a maximum speed of 50 mph.

Yesterday, there were 150 paying passengers. The single fare is £33 in summer and £27 in winter. There will be one crossing daily in each direction, leaving London in the afternoon.

The jettfoil is powered by gas-turbine engines which force water from the rear of the craft, lifting it above the surface. Electronically-adjustable, submarine-like hulls ensure smooth riding and it can travel through 23-foot waves, although this specification, happily, was not put to the test yesterday.

Import facility  
HM Customs and Excise are introducing a new facility, called local import control, which will enable customs clearance of certain types of goods imported as full container loads (FCLs) to be given at importers' premises.

Green Shield's retail promotion

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

GREEN SHIELD is to launch an extensive promotional campaign next week in an attempt to maintain its trading stamp sales after Thursday when Tesco ceases to give away stamps in all its 700 stores.

All Green Shield's 6,000 grocery outlets will be running "double" stamps, partly financed by Green Shield itself to draw customers.

In some cases, the stores will be offering double stamps across the whole range of goods they sell. In others, they will be giving double stamps only on selected items.

To support these retail promotions, Green Shield will also be advertising heavily on television. The Green Shield campaign will begin on Tuesday (June 6) and on Wednesday evening (June 7) will start with a media blitz with offers of cut prices.

Other retailers are also likely to increase their advertising and price cutting campaigns so that next week looks like being one of the most hectic for food retailers since trading stamps were first introduced by the big groups.

All major supermarket groups will be monitoring Tesco's new prices very carefully next week. Yesterday, numerous reports were circulating about what Tesco intended doing.

One suggestion, which was generally discounted as being too expensive, was that Tesco would try to link its new pricing policy with the Jubilee and offer some products at 1962 prices.

The more likely course being predicted was that Tesco—which is generally thought to have raised its prices over the last few weeks to give it more room for manoeuvre—next week would cut the prices of 150 to 200 lines by about 5 per cent. as well as new costs around £23.

Yesterday Green Shield claimed it had "bounced back" from the Tesco blow. More than half the franchises dropped by Tesco, it said, had already been filled and there were more to come.

Cement prices go up 12% next week  
By Our Building Correspondent  
CEMENT prices are to rise by just over 12 per cent. from June 9. The Cement Makers' Federation said yesterday that it had notified the Price Commission of the proposed increases and no objection had been raised.

An attempt by the industry last month to get the price increases introduced was rejected by the Commission because of a technicality. The increases are the latest in a long and regular series which have doubled the average price of cement since 1974. A tonne of bagged cement now costs around £23.

Auditing standards proposal from ICA

By Michael Lafferty, City Staff

THE accountancy profession's Auditing Practices Committee will publish eight draft auditing standards before the end of 1977.

Mr. Brian Wynard, the newly-elected president of the English Institute of Chartered Accountants, said yesterday.

The absence of such minimum standards for carrying out audit work has frequently been a source of criticism of the profession. Last week Mr. Ian Layton, a senior chartered accountant, said that the profession had been dragging its feet on the matter.

Chairman

Mr. Maynard succeeded Mr. Stanley Kitchen as English Institute president. He will also become chairman of the profession's Consultative Committee of Accountancy Bodies.

The new vice-president of the Institute will be expected to become president in 1980, the Institute's centenary year, is Mr. David Richards, a partner in Deloittes. Mr. Richards resigned as chairman of the profession's Auditing Practices Committee last year following criticism of his former firm Harmond Banner in the Department of Trade inspectors' report on London and County Securities, the failed fringe bank.

Celebrations

The other main contenders for the vice-presidency are believed to have included Mr. Richard Wilkes, the Price Waterhouse partner who succeeded Mr. Richards as chairman of the Auditing Practices Committee, Mr. Derek Boothman of Binder Hamlyn, and Mr. Michael Lickiss of Thornton Baker.

The Institute is planning a week of extensive celebrations in London to mark its centenary in 1980.

The Institute's deputy president, who should become president next year, is Mr. Eric Sagers, chairman of Dupont, the Midlands industrial holding company.

Sec Men and Matters

Court battle possible over oil

BY MARTIN DICKSON

A court battle could be developing between the world's leading oil companies and Lonrho, the international trading company, over Rhodesia's access to oil supplies.

Lonrho announced on Tuesday night that it had issued writs in the U.K. claiming damages from 29 oil companies, including Shell, BP, Texaco, Mobil and Caltex, in connection with the operation of Lonrho's oil pipeline from Mozambique to Rhodesia.

Lonrho closed the pipeline when sanctions were imposed on Rhodesia, but oil has reached the country by other routes.

Lonrho's writs are the latest—perhaps the most dramatic—move in a sudden flurry of action over alleged sanctions-busting by international oil companies.

The Government recently ordered an inquiry under the chairmanship of Mr. Thomas Bingham, QC, into how oil is reaching Rhodesia and whether Shell and BP are involved. Dr. Kenneth Kaunda, the President of Zambia, said last week his government planned to take legal action against five international oil companies.

There has clearly been close liaison between Zambia and Lonrho, which prides itself on its friendly relations with black African leaders. Dr. Kaunda said Mr. "Tiny" Rowland, Lonrho's managing director, had provided Zambia with enough evidence to take the oil companies to court.

There are obvious advantages for both parties in an exchange of information. Lonrho, which has investigated alleged sanctions-breaking in the past few months, has evidently managed to obtain information not available to Zambia.

A possible reason why the allegations made against the oil companies have not been pressed before is that much of the ammunition used by their critics has only recently come to light. Lonrho, for example, appears to have gained access to documents in Mozambique which would have been a closely guarded secret until the end of Portuguese rule there in 1975.

For much of the period since UDI, Rhodesia's oil supplies were shipped from South Africa to Mozambique for transportation to Rhodesia by rail, according to a memorandum submitted by the Anti-Apartheid Movement to the Government's Inquiry. Since 1974 the main route for the oil has been a new, direct rail link between South Africa and Rhodesia.

Urgent action sought to end 'degradation' of the Broads

BY JAMES McDONALD

THE Nature Conservancy Council said yesterday that the destination of Broadland including the Norfolk Broads is a National Park would not solve the problems facing the area.

The NCC believes that many of the serious problems of the Broads, including pollution and sewage entering the waters, could be solved by collaboration between existing organisations.

In a submission to the Country-side Commission in response to its consultation paper on the National Park proposal, the NCC calls for immediate action to reverse environmental 'degradation'.

It urges that the interest generated by the Commission's paper must not be allowed to wane, and proposes to expand its own research into the causes of the ecological deterioration taking place in the Norfolk Broads.

The NCC recommends that "money be found now for the Anglian Water Authority and the Great Ouse and Great Ouse Haven Commissioners to carry out essential environmental works, in particular special phosphate-removing equipment at selected sewage works."

It believes that public concern about the serious environmental 'degradation' in Broadland is strong.

The NCC is the Government body which promotes a national policy for nature conservation. Its work falls into three main sections: the establishment, maintenance and management of National Nature Reserves; providing advice and disseminating knowledge about nature conservation; and the support and conduct of research.

Danes blame British for ferry's delay

AALBORG SHIPYARD in Denmark will be about six weeks late in completing the controversial conversion of the British Rail ferry Dover.

A big row broke out last Christmas when British Rail by-passed G.K. ship repair yards—especially Swan Hunter on the Tyne—and gave the job in Aalborg.

The Danish yard quoted a fixed price of £1,960m., more than £1m. less than the best British tender. It also undertook to do the job in four months, twice as fast as U.K. yards.

The Dover should have been ready by about the end of April, but it will now be about the middle of this month before she is handed back to British Rail.

The conversion is held up because we are still awaiting delivery of equipment from the U.K. which we expected two months ago," Mr. Christian Smeets, Aalborg's repair manager, said yesterday.

"All our work is on schedule as far as we can go, but we have been kept back by the late deliveries."

Mr. Smeets commented: "We had no option but to give this contract to the Danish yard and we will still have the ferry back much sooner than we would have had from U.K. yards. They could only quote delivery in the autumn."

The Dover will be back on the cross-Channel services from July 1.

EEC rules mean less goods

THE BRITISH housewife will get less for her money in buying prepacked goods when the U.K. falls into line with Common Market directives.

The price consumers will pay is revealed by the publication yesterday of the report of the Government's working party on metric control systems.

Under the present "minimum" system in force in Britain, goods must be of a stated quantity at all stages of marketing.

The proposed new "average" system involves sampling at the point of manufacture or importation into the EEC. It is built around the principle of average contents.

The effect on the consumer of this technical difference is highlighted in the report, which says: "Because under the new system, the consumer will receive, on average, not less than the quantity marked on the label, whereas under the old system, the consumer will receive on average not less than the quantity marked on the label."

But quantity, the consumer will buy, and large, receive slightly less by a few per cent. under the new system.

Nevertheless, the working party feels the enforcement system it recommends "will increase the existing high standard of consumer protection."

The working party also recommends a change of liability for retailers and wholesalers who will no longer be responsible for grossly deficient prepacks.

Turning to the EEC proposal for regulating patent licensing, Mr. Dell said it would be absurd if attempts to promote competition led to the inhibition of technology transfers between Community members.

Turning to the EEC proposal for regulating patent licensing, Mr. Dell said it would be absurd if attempts to promote competition led to the inhibition of technology transfers between Community members.

Mr. Dell said the European Commission has not yet ruled on some of the crucial issues of patent licensing which has left industry in a state of considerable uncertainty.

In an attempt to free industry from the need to notify certain types of licensing agreements, the EEC proposed a block exemption regulation but this has attracted criticism.

This year is likely to bring a fundamental change in the field of patents.

In the U.K. the new Patent Act is expected to reach the Statute Book and the European Patent Convention and World Patent Cooperation Treaty are likely to become operative after the completion of the prescribed number of ratifications, according to Mr. Edward Armitage, Controller General of the Patent Office who also addressed the conference.

Mr. Dell also announced a further postponement of the opening of the European Patent Office for applications. On the positive side, the community talks on trade marks have now begun in earnest. Mr. Armitage welcomed the fact that the goal of a European trade mark law will be achieved eventually.

Dell warns on patent licence change

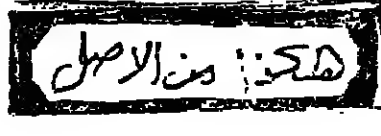
BY A. H. HERMANN, LEGAL CORRESPONDENT

A WARNING that the restrictions which developing countries and the EEC seek to place on patent licensing might go too far and imperil the flow of advanced technology to developing countries as well as inhibiting technology transfers between members of the Community was made by Mr. Edmund Dell, Secretary for Trade to London yesterday.

Mr. Dell was opening an international conference convened by the Licensing Executives Society (L.E.S.) attended by about 200 delegates.

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Elson & Robbins (PVC foam • Spring units • Products for domestic appliance industry Heating and ventilating products • Partitioning) INTERIM REPORT Comparative results (unaudited) Six months to 31.3.77 Six months to 31.3.76 Year to 30.8.76 Turnover 6,549,781 5,116,728 9,964,551 Group profit before taxation 758,578 645,848 1,140,268 1968 Taxation at 52% 330,562 338,817 587,796 Group net profit 388,394 306,031 552,472 Earnings per share 5.54p 4.61p Interim dividend per share—net 1.21p 1.1p Interim dividend per share—gross 1.66p 1.69p Cost of interim dividend 79,860 72,860 Statement by the chairman, Eric R. Keeling • The turnover and profits shown represent a substantial improvement on the comparable figures last year. The figures show increases in sales of 28% and in profits of 17%. • Sales of all companies within the Group have increased. As expected the major growth has come from our Domestic Industrial Pressings subsidiary resultant from its entry into the consumer products field with the "PREMIERE" heater for the liquid petroleum gas market. • The Board have approved a further expansion programme and we will be introducing 3 more heating appliances during 1977. • As a result of the continued growth in our sales we expect to be reporting record levels in both sales and profits for the current year. • Dividend Warrants will be payable on the 12th July 1977 to members registered at the close of business on 24th June 1977. 31 May 1977





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HOME NEWS

Wall's plans £2.5m. factory

By Our Consumer Affairs Correspondent
WALL'S MEAT, the Unilever subsidiary which has made heavy losses for several years, is to build a new factory in the Midlands at a cost of £2.5m.

The new factory will replace the existing Richmond works at Evesham. It will manufacture pastry products, including meat pies, and will have a production capacity of 11,000 tons a year.

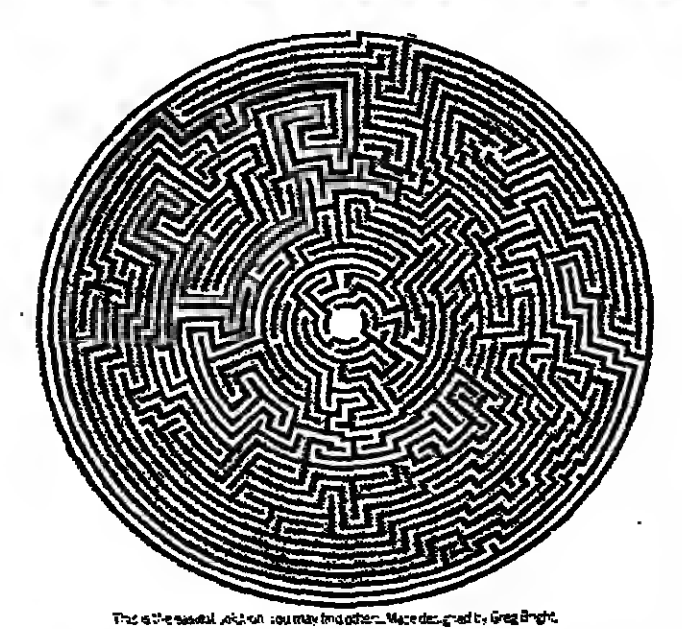
Job threat to young doctors warns NUS

By Michael Dixon. UNEMPLOYMENT among newly qualified doctors will rise to 300 by 1984 unless the Department of Health creates more pre-registration posts in hospitals, according to the National Union of Students.

Shipping policy adviser

Mr. E. Y. Barnard, an assistant secretary in the shipping policy division of the Department of Trade, will join the General Council of British Shipping on July 4 as its foreign relations adviser.

The way out of the maze.



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Study sought on plan for Severn Barrage

By RAY DAFTER, ENERGY CORRESPONDENT

PRESSURE is mounting for the Government to set up a full-scale feasibility study into the construction of a £2bn. to £3bn. Severn Barrage.

This is likely to be one of the main recommendations of the Commons Select Committee on Science and Technology which is reviewing possible energy resources.

The committee is expected to publish its main report next month, but it is likely to be submitted before it presents a separate report on the potential for turning the River Severn's tidal power into hydro-electricity.

Mr. Arthur Palmer, chairman of the committee, and of the Energy Resources sub-committee, told a Severn Barrage forum at the Royal Society of Arts yesterday that the fact that the scheme deserved a special report was indicative of the importance attached to tidal power.

Whatever energy we can develop successfully and economically outside the nuclear field we should do, he said. The forum, organised by the Severn Barrage Group—a group of businessmen and scientists—heard that Severn tidal power could provide between 2 per cent. and a quarter of Britain's electrical requirements, depending on where the barrage was constructed.

Benn in campaign against EEC

By Philip Rawstone

MR. ANTHONY Wedgwood Benn will join other Labour anti-marketiers today at the launching of a renewed campaign against Common Market membership and direct elections to the European Parliament.

The Energy Secretary will speak at a Press conference in London called by the Labour Party's Common Market Safeguards Committee to introduce a pamphlet which concludes that Britain has suffered both economically and politically from EEC membership.

Mr. Benn, a leading anti-market campaigner during the referendum, and a member of the Cabinet Ministers who have been resisting the introduction of Government legislation to meet the target date for direct elections next year.

Delegates at the forum also heard that the barrage could create a sheltered water area as big as the Solent and Southampton Water put together.

However, the Central Electricity Generating Board is sceptical. It feels that of the alternative energies, wave power provides greater opportunities. Its own studies have shown that the cost of producing electricity by means of a barrage could be as expensive as nuclear power.

U.K. pesticide sales up 18%

By KEVIN DONE, CHEMICALS CORRESPONDENT

DOMESTIC and export sales of pesticides, which pushed up sales of insecticides by 42 per cent. in the year to March 1977, are expected to rise by 18 per cent. in 1977.

Overall, the turnover of the agrochemicals industry increased only slightly after allowing for inflation, by less than 2 per cent. There were only marginal increases in the U.K. sales of herbicides and fungicides. Sales of insecticides, however, were up 15 per cent. from £81.4m. to £93.7m.

The net export of herbicides and insecticides showed a significant change last year compared with 1975, a year in which there was exceptional high demand.

After the oil price rises in the early 1970s and the subsequent shortage of many chemicals, British agrochemicals industry was well-placed to meet the high demand of 1975. But according to the BAA, much of this demand went into stockpiling which caused a lower demand last year.

It suggests that these severe fluctuations in demand have now levelled through the system and that a steadier pattern will emerge this year.

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Table with columns for bond numbers and values. Includes a list of names and amounts.

A more comprehensive measure

TOTAL PUBLIC SECTOR debt held by the private sector reached nearly £74bn. at the end of March 1976, an increase of £12.3bn. compared with a year earlier, according to the latest issue of Economic Trends.

Expressed as a percentage of gross national product in the two years, though, the increase was only 2 1/2 percentage points. Of the total increase, £10.6bn. was taken up by domestic holders and £1.7bn. mainly in foreign currencies—by overseas holders.

Figures are contained in a special article introducing a revised presentation of public sector debt figures bringing the figures of outstanding debt more closely into line with the "flow" figures of the public sector borrowing requirement.

Another article casts doubts on the usefulness of the quarterly survey of company liquidity, covering more than 200 of the largest industrial and commercial companies in the U.K. as a guide to the movements in companies as a whole.

Tory plans to abolish rates attacked

By Stuart Alexander

IF THERE was no local government system in this country, we would have to invent something to do the job of the local government, says Mr. R. L. W. Moon, president of the Chartered Institute of Public Finance Accountants.

Central government could not meet the participatory needs of a democracy and the participation of local government was undoubtedly an important one.

Local government played a crucial part in the checks and balances necessary for the administration of government throughout the country.

Mr. Moon said that the abolition of rates would be a major step towards the centralisation of power and the loss of local government's role in the economy.

Press Council opens new enquiry

THE PRESS COUNCIL is to hold an inquiry into newspaper stories based on documents which are "private, confidential or of doubtful validity".

The council, which has been set up to investigate alleged breaches of the code of conduct which it has adopted, will also examine evidence from this inquiry.

The council has appointed a committee under Lord Shawcross, its chairman, to conduct the inquiry.

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May reports maintain rising profit trend

FINANCIAL TIMES REPORTER. The 226 full reports and accounts received from companies in May showed an overall pre-tax profit increase of 41.7 per cent. on a year-on-year comparison.

The number of reports received was the biggest this year and taking the 69 per cent. April increase as exceptional, the profit rise maintains the upward appearance since January.

The average increase in the first quarter was 33 per cent. Of the reports analysed, Babcock and Wilcox was far ahead of the rest with a pre-tax profit of £17.2m. over the previous year.

All the major companies stayed within the dividend limitation ruling with the exception of Dunlop which, with profits at the pre-tax level, showed a rise of 38.6 per cent. increased its distribution 27.4 per cent.

Kidderminster redundancies

A CARPET firm in Kidderminster, Worce., is to sack part of its workforce because of a slump in orders.

A scaling down of production will involve redundancies in all departments at Quays Carpets, where 200 workers have been put on short time for the last six weeks.

The firm's managing director, Mr. Denis Hamilton, chairman and editor-in-chief of The Times and the Sunday Times, Sir Ian Morrow.

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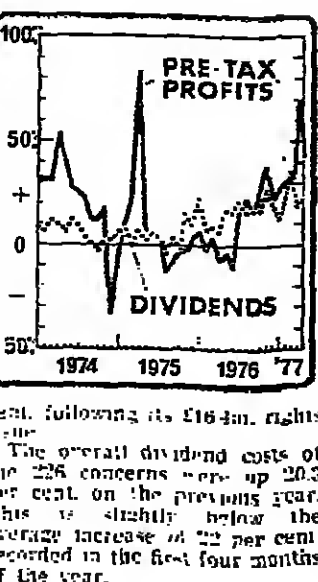
Littlewoods not going public, says chairman

By Our Consumer Affairs Correspondent. MR JOHN MOORES, the octogenarian chairman of Britain's largest private company, the Littlewoods Organisation, has told his staff that there is no question of the company going public.

Writing in the company's newsletter, he said that neither he nor his family saw any reason to alter the private basis of the company.

Speculation that Littlewoods, which is entirely owned by the Moore family, might be going public was sparked off by the recent death of a member of the Moore family coupled with the slightly more open approach in publicity the company has been adopting over the last year.

In December, Littlewoods published details of its sales and profit for the first time. These showed that it made a pre-tax profit of £31.8m in 1975 on turnover excluding the pools business of £490m.



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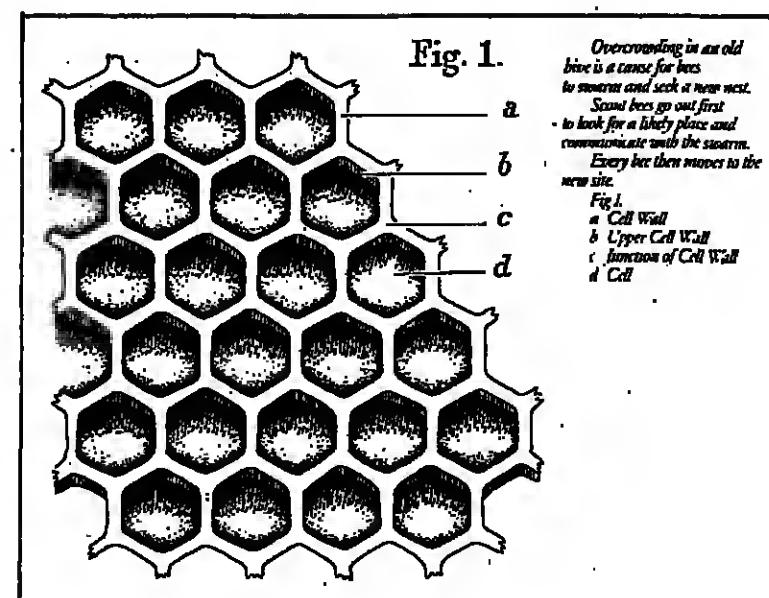
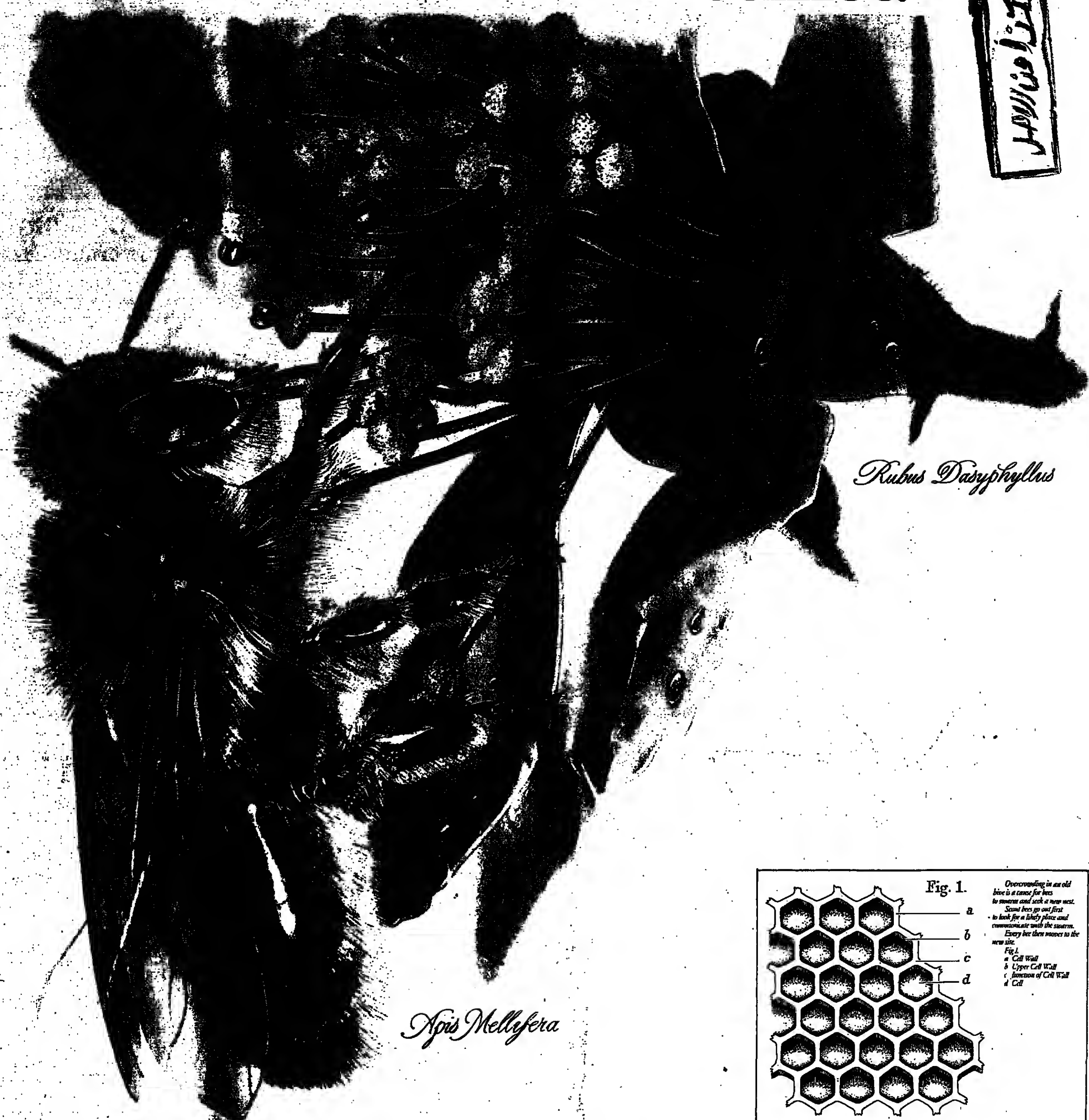


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THE JOBS COLUMN

How GEC learned what its managers thought of their work

BY MICHAEL DIXON

AS MANY readers will know from experience, to have the left hand merely not know what the right is doing, is a relatively healthy state for a big organisation. Even laymen would have little trouble in listing several concerns in which the incoherence extends to the various fingers distrusting, not only one another, but also the central brain which tries to control them.

In listing these, however, I doubt that the laymen would expect the organisations to be willing to have their disability admitted in public. Nor do I think the lists would include the name of GEC.

The image of Sir Arnold Weinstock's group is different. For example, Tony Eccles who is Professor of Business Policy at Glasgow University and a contributor to a new book on GEC's experiments with action learning for training senior managers, expresses his former "outsider's view" of the group as follows:

processes are less clear cut than the public tends to appreciate. When the trials started in 1974, he says, GEC was far from a one-man band. Managerial responsibility was diffused widely through more than 100 fairly autonomous businesses, grouped into six sectors. Within this structure, the senior divisional and business managers were known as the "barons" — a name which was apt because, while owing allegiance to the central group, they "owned" their particular territory.

No telling

So, although these managers had to have their plans for the coming year inspected by headquarters before going off and trying to fulfil them, the central management could not readily tell them what to do, as distinct from making suggestions. "Some of the suggestions can be pretty powerful, but there is some genuine teaway and GEC is more of a federation than the centralised autocracy which is usually perceived from outside," says Professor Eccles. "It all makes GEC a very political organisation in that the power base, performance and ideas of an influential manager are major sources of his strength."

of some new, more co-operative activity. Even more to the same point is the confession of Action Learning Projects adviser, Bob Garratt: "The intensity of the antagonism between GEC companies was a major surprise to me."

Such intra-group competitiveness might well be preferable to its opposite, provided that it were referred by headquarters according to clear rules which were seen to be fair by the competitors. But the book suggests that this was not the case. "I was also surprised by the apparently universally held belief of the participants that only one managerial style was tolerated within GEC. This was known as the 'blood in the gutter' style," says Mr. Garratt, and again: "The rule was to seek organisational invisibility, since managers were all in competition with each other for career development and the prizes were given to those who conformed most." He adds that the middle managers "thought rational criticisms of the group 'could' be made privately among consenting adults but to make them face-to-face with the people concerned, and some of them chief executives at that, was not only irresponsible but career suicide."

ject advisers (that is, the subsidiary personnel chiefs) that managers at our level suffered from a number of misapprehensions about how GEC worked."

There then followed what, for GEC's health, might well be looked back on as the action learning projects' best achievement. Sir Arnold Weinstock went to visit the participants at Dunchurch Industrial Staff College, the group's residential training centre, where the more formal tuition associated with the programme was taking place. Mr. Carr reports the outcome:

private session with his men management believes that its proposals, ideas and aspirations are blocked on the way up by senior managers, who apparently believe that in doing so they are responsibly interpreting and applying company policy determined at Stanhope Gate. Indeed, the need to persevere with improving communications between middle and senior management — not only through the normal hierarchical structure, but also by senior managers plugging in ad hoc at levels with which they do not normally come into contact — is probably the most important lesson those involved have learned."

Took notice

It now seems possible, however, that the experience felt less positively exhilarating to the group's managing director. In the most recent GEC action learning programme, for instance, I gather that Sir Arnold did not go out to meet the participants, instead having them brought by coach to the headquarters in Stanhope Gate, London. But whether or not that was primarily because he felt more confident to face the sub-baronial managers on his own ground, Sir Arnold certainly does seem to have taken notice of what was said to him. The evidence here is the contribution to the book by Mike Bett, personnel director of the big organisations characterised by the incoherence built into their management systems. Mr. Bett's statement shows that it does have a different difference. It is that the group's topmost executives have recognised that the problem exists to the extent of declaring it in public. And that is at least the essential first step towards improving conditions, not least for the middle-management backbone which all too often top executives never really appreciate until it is damaged.

the impetus for this step was clearly provided by Sir Arnold Weinstock's seminar with the participants. If the whole action learning programme had achieved nothing but that, it would probably still have been worth its considerable costs by way of the participants' salaries and expenses while they were on the projects plus about £2,500 a head in tuition fees.

But there seems no reason why the chiefs of other big groups should have to spend anywhere near so much in order to benefit their companies in the same way. The essential elements of Sir Arnold's exercise were that he met the middle rankers in numbers small enough for them to talk back, and he took notice of what they had to say even though it disagreed with his own view of how the group was being run. To do that should surely not be beneath the dignity of any chief executive, no matter how many different levels of management support him.

More than Management Development, Gower Press, £8.

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LIPTON the fork-lift people FINANCIAL CONTROLLER DIRECTOR DESIGNATE REMUNERATION PACKAGE CIRCA £16,000 p.a. A financial controller is required by L. Lipton Limited, a major name in the U.K. Mechanical Handling Industry. Based at Woburn Green in Buckinghamshire, the company is primarily involved in the hire and sale of forklift trucks from 17 UK depot locations and a French subsidiary company. The company has a turnover in excess of £5 million, with 400 people on the payroll.

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for trading and accounting records are being installed at the main UK operating company. Responsibilities will also include control of the computerisation, the development of management information and the financial reporting of the subsidiaries.

Applications, which will be treated in strict confidence, should include full details of career and salary progression. Please write to: R. J. Ellison (ref. 2194/B).

Deloitte, Haskins & Sells, Management Consultants, P.O. Box 207, 128 Queen Victoria Street, London EC4P 4JX.

## Credit Analyst

International Merchant Bank

c. £5000

This is an ideal opportunity for a young banker to build a career in international banking with one of the most firmly established City Consortium Banks.

The job entails the analysis and interpretation of companies' financial statements, upon which to base recommendations in respect of proposed and existing credit arrangements, and also involves attention to the taking and perfecting of appropriate security.

The Bank seeks a young A.I.B. with a general banking background that incorporates direct experience of Advances and with both the perception to recognise, and the ability to capitalise on, the excellent prospects for advancement.

To discuss this matter in detail, and in confidence, please telephone John Chiverton, A.I.B. on 405 7711.

**David White Associates Ltd.**

Hampden House, 84, Kingsway, London, W.C.2.

## ASSISTANT TO GROUP TREASURER MANCHESTER

TOOTAL is a large international group with a turnover in excess of £20m. of which about half relates to overseas companies and exports from the U.K.

The work will involve all aspects of raising finance and investing and monitoring its use both inside and outside the business. Early emphasis will be on group currency cover routines and cash management.

The candidate will probably be in his or her late 20s or early 30s and ideally should have an Accountancy qualification or an Economics or similar degree, along with relevant experience with a multinational company or bank. Those who only meet some of these requirements, but are equal to the post and its potential, should not be deterred from applying.

Job satisfaction and excellent career prospects together with an attractive salary are the rewards offered to the right applicant. Please write in the first instance to:

GROUP APPOINTMENTS MANAGER,

**TOOTAL LIMITED**

56 OXFORD STREET, MANCHESTER M40 1HJ.

## Export Finance Merchant Banking

Due to continued expansion of our Export Finance Buyer Credit Division, we need two more Bankers experienced in project financing.

Grindlay Brandts is one of the largest lenders in the Eurodollar market and recently succeeded in completing the first unsyndicated ECGD Dollar Buyer Credit. In order to join us you will need to have had at least three years' experience in the negotiation of Buyer Credits with overseas customers, UK industrialists and ECGD.

The total remuneration package, which includes generous mortgage assistance, should not be an obstacle for the right person. Please write, with full career details, to:



**Grindlay Brandts**

Mr. T. C. H. Macafee, Manager, Recruitment, 36 Fenchurch Street, London EC3P 3AS.

## Chief Internal Auditor London Area c.£7000+Car

A leading Finance House requires an Accountant to develop its existing Internal Audit function with particular emphasis on the computerised audit programme.

The person appointed will be a Chartered Accountant aged about 30. Substantial audit experience is required combined with a commercial outlook.

Non contributory pension scheme and usual large company benefits apply.

Telephone: Mrs Eileen Cheng 01-235 7030 Ext. 227 or write to: PER, 4/5 Grosvenor Place, London SW1X 7SB

## PER PROFESSIONAL and EXECUTIVE RECRUITMENT

This vacancy is open to male or female candidates.

## ECONOMIST

### PROJECT EVALUATION - U.A.E.

One of the top three commercial groups in the Gulf area has an opening for an Economist to work with the Director of New Projects. This is a challenging opportunity for an Economist to apply his formal skills in a fast moving, commercial environment.

The successful candidate will possess a Degree in Economics or related subject and have had at least 5 years' experience in Commerce, Banking or Economic Research. Experience of project evaluation and project funding would be an advantage.

This post will attract a tax-free salary circa £12,000 plus excellent housing, car and significant fringe benefits in one of the most attractive locations on the Arabian Peninsula.

Your name will not go forward to our Client until you have had a full briefing on the job and have given your consent. Please send a summary covering employment history, achievements, current remuneration and other:

Jon R. Hetherington  
BDC (International) Limited  
26 Dorset Street  
London, W1M 5FU  
Tel: 01-487 2621

A management consultancy specialising in recruitment and training in Great Britain



## INSURANCE SECTOR ANALYST

Applicants must have had at least two years' experience in a research department in the insurance sector and have the ability to put his (or her) ideas over to both colleagues and clients. The right person will probably be aged between 25 and 30, though an older person would be considered, and will be anxious to share in the firm's profits as soon as possible.

Write in confidence with full details of education and career to date to the Staff Partner, Grievson, Grant & Co. P.O. Box 191, 59 Gresham Street, London, EC2P 2DS.

**GRIEVSON, GRANT & CO.**

## FOREIGN EXCHANGE IN PARIS

LEADING NEW YORK BANK SEEKS SENIOR DEALER FOR ITS PARIS OFFICE

Applicants must have had at least five years' experience in an active trading room and be fluent in French.

Salary and other benefits are negotiable.

Reply in confidence stating age and experience to Box A.5972, Financial Times, 10, Cannon Street, EC4P 4BY.

## CREDIT ANALYST

An American-owned financial organisation is seeking a Credit Analyst, aged in the mid-20s, with a good reading knowledge of French.

The position will report directly to the Credit Manager for Europe and will involve such responsibilities as analysing credit files submitted by European affiliates for recommendation to the Credit Committee. Salary will be based on applicable experience.

Applications should be sent in strict confidence to: Box A.5974, Financial Times, 10, Cannon Street, EC4P 4BY.

## Estates and Project Manager

Chemical Bank is a major American International Bank and employs approximately 16,000 staff worldwide. In order to assist with the Bank's international property programme, applications are invited to fill the newly-created position.

The person appointed will report to our International Real Estate Co-ordinator and will be responsible for:

- Handling the acquisition and disposal of premises including lease reviews and associated legal matters.
- Instructing architects and negotiating with contractors, coupled with the general supervision of construction work.
- Dealing with all aspects of office relocation.

It is envisaged that initially the duties will cover development and refurbishment programmes at present being carried out in Europe. Although the position will be London-based, a considerable amount of travel will be involved.

Ideally we are looking for a chartered surveyor/architect but applicants, male or female, with considerable practical and directly relevant experience will also be considered. Knowledge of a European language is desirable but not essential. It is unlikely that anyone under the age of 30 will have gained the required experience.

In addition to an excellent starting salary, an attractive benefits package will be provided including low-cost mortgage, non-contributory pension scheme, B.U.P.A. and profit sharing.

Please write fully, including details of present salary to: Tony Smith, Deputy Personnel Manager, Chemical Bank, Chemical Bank House, 180 Strand, London WC2R 1ET.

**CHEMICAL BANK**

## FINANCIAL CONTROLLER EUROPE

U.S.-based company requires an International Controller to handle European accounting and financial affairs of wholly-owned subsidiary about to be established, possible location Holland or Belgium.

Successful candidates will have 5-10 years' experience in senior financial management with medium sized companies. Experience in international operations desired.

Please submit resume to:—  
INTERSIL INCORPORATED,  
8 Tessa Road, Reading, Berkshire RG1 5ND  
Tel: Reading 595011

Attention: Paul Araquistain  
Interviews will be conducted in London and Amsterdam commencing June 13th.

Please give telephone number where you can be contacted.

## FINANCIAL CONTROLLER AUSTRIA Salary U.S. \$20,000

A major international U.S. toiletries and cosmetics company requires a controller for its subsidiary in Vienna. The subsidiary is now embarking on a phase of major expansion in which the controller will be expected to contribute to the overall management policy.

Candidates must speak German and should have a professional qualification and good experience of international accounting methods and reporting procedures. The financial controller will be expected to organise financial and administrative systems and to control the financial department.

Salary will be negotiable in the region of U.S. \$20,000 dependent upon qualifications and experience. Re-location expenses will be met. Applications with career details and salary history, should be sent quoting reference J.D.A. to

Champion King Advertising Ltd., 7a Paradise Road, Richmond, Surrey TW9 1RX

## Senior Field Auditor

UK and Europe

This key appointment is with a major expanding international construction equipment company and offers outstanding future career prospects for a qualified accountant aged 26-35.

The person selected will lead a team of Field Auditors operating in the U.K., with additional assignments on the European continent. Ability to liaise with line management in manufacturing sales and service operations will be a prime responsibility.

Candidates, male or female should have had previous professional or industrial auditing experience and be accustomed to evaluating accounting and internal controls on a multi-national basis. A knowledge of U.S. accounting and reporting techniques is necessary; previous

overseas experience and fluency in Spanish and French or German would be ideal.

Although the post is based in Northern England, there will be a considerable amount of European travel. The salary is negotiable around £9,000 and there are excellent fringe benefits. Assistance with re-location will be given if necessary.

(PA Personnel Services Ref: AA3316000/FT)

The identity of candidates will not be revealed to our clients without prior permission given during a confidential discussion. Please send brief career details, quoting reference number to the address below, or write for an application form, and advise us if you have recently made any other applications.

**PA Personnel Services**

Hyde Park House, 60a Knightsbridge, London SW1X 7LE. Tel: 01-235 6060 Telex: 27874



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We are seeking an Assistant Taxation Accountant: a qualified accountant, aged 25 to 35, who has some experience of corporate tax matters and is keen to specialise in this field.

In this new position within the Taxation Department, you will be involved in planning, reviewing and co-ordinating the tax affairs of UK and overseas

subsidiaries, and in advising and assisting senior management on tax implications connected with current and proposed developments.

The salary is competitive and negotiable; the pension scheme is non-contributory and relocation assistance to an area offering excellent housing, social and recreational facilities will be provided where appropriate.

For an application form either call David Freeston, Senior Recruitment Officer, on Swindon (0793) 30151 Ext. 2482, or write to him at Burmah Oil

Trading Limited,  
Burmah House,  
Pipers Way,  
Swindon,  
Wiltshire, SN3 1RE.

## ROWE & PITMAN, HURST-BROWN

has an attractive opportunity in the Research Department for a young investment analyst to specialise in the electrical sector and to assist in maintaining the Firm's extensive connections in the electrical industry

We look for an applicant with some experience as an analyst, preferably but not necessarily in the electrical sector. The applicant must have the ability to write research material to a high standard; for an ambitious analyst the position has excellent prospects.

Salary negotiable according to qualifications and experience. Non Contributory Pension Scheme and good life assurance cover.

Applications with C.V. in confidence to:—

P. N. Smith  
**ROWE & PITMAN, HURST-BROWN,**  
1st Floor,  
City-Gate House,  
39-45 Finsbury Square,  
London EC2A 1JA.

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ANCIAL TROLLER

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We'd like you to be aged 24-28, ideally with a degree and have 4-5 years experience preferably within a foreign or merchant banking environment. But equally important is a keen desire to change your career course and the confidence and potential to succeed in a sales role.

We value your banking knowledge and will pay you with commission up to £7000 for your first year with us. Our attractive benefits include Company car and expenses, BUPA, pension/life assurance scheme, etc.

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Our client, an American multi-billion dollar company specializing in the development, manufacturing, marketing, installation and servicing of complete business systems for selected worldwide markets, is seeking qualified candidates for the position of

# Executive Assistant to the Managing Director

for its subsidiary in Tehran.

The vacancy is a career senior management position with outstanding opportunities for advancement. A highly competitive salary plus benefits is being offered.

The successful candidate, who should be an Iranian national, with a complete command of the English language, will be responsible within the subsidiary for medium and long-range planning activities involving marketing, finance,

administration and personnel as well as asset management.

The ideal candidate should have several years business experience, with particular emphasis on accounting and finance, and be under 40 years of age.

Interested applicants are requested to submit to us in confidence a detailed resume with salary requirements.

Personal interviews will be held in London and on the Continent within three to four weeks.

Charles Barker GmbH

Management Selection International  
Kettenhofweg 137 - 6000 Frankfurt 1 - West Germany

Tel: 0611-74 90 74 Frankfurt Office - Tel: 01-236-0526 London Office

# Financial Director Designate

c. £15,000

A well known metal processing company which has a current turnover of £20 million plus and a record of solid and substantial growth, requires a Financial Director. He/she will succeed the present holder on retirement next year. Initially he/she will review, and where appropriate modify accounting policies and practices at head office and the three manufacturing locations. He/she will then take complete charge of the finance, accounting and management information functions and will play a full part in Board Room deliberations. He/she will investigate expansion projects and acquisitions and will take special interest in certain overseas subsidiaries. Candidates aged 35-45

should be qualified accountants with senior management experience in manufacturing industry and with particular strengths in management information and EDP. Salary negotiable around £15,000 plus car and BUPA. Location Central London.

PA Personnel Services Ref: AA3416007/IT  
The identity of candidates will not be revealed to our clients without prior permission given during a confidential discussion. Please send brief career details, quoting reference number to the address below, or write for an application form, and advise us if you have recently made any other applications.

PA Personnel Services

Hyde Park House, 60a Knightsbridge, London SW1X 7LE. Tel: 01-235 6060 Telex: 27874



A member of PA International

# Saudi International Bank

## CREDIT ASSISTANT

Saudi International Bank wishes to recruit an additional Assistant to Lending Officers. Responsibilities include both credit analysis and marketing.

The successful candidate will probably be in his/her late twenties, with a relevant degree and/or professional qualification, at least 24 months' international banking experience (preferably including a period of formal credit training) and language skills. This is an opportunity to build a career with a rapidly expanding Bank.

Salary negotiable, excellent fringe benefits.

Please write, enclosing a detailed c.v., to:

The Manager,  
Operations Division,  
Saudi International Bank,  
99 Bishopsgate,  
London EC2M 3TB.

# INTERNATIONAL BANKING SHIPPING

Bankers Trust Company seeks to engage an Assistant to join its expanding global Shipping Group. The ideal candidate will be age 26-29 and have a minimum of two years experience as a credit analyst in an international environment analysing multinational corporate credits. In addition some familiarity with the shipping industry plus a knowledge of general banking operations and a language will be advantageous.

He or she will join a marketing group covering Europe and the Middle East and be expected to progress towards assuming marketing responsibilities within 12 months. An excellent salary will be offered commensurate with qualifications and experience plus fringe benefits normally associated with a First Class Banking Institution in the City of London. Letters of application may be submitted in complete confidence and should enclose a detailed curriculum vitae with if possible a recent passport photograph. Please write to:-

Mr. P. C. Taber,  
Personnel Administration,  
Bankers Trust Company,  
9 Queen Victoria Street,  
London, EC4P 4DB

# UNIVERSITY OF LONDON Deputy Superannuation Officers

Applications are invited from men and women for the post of Deputy Superannuation Officer. Under the control of the Superannuation Officer, the Deputy Superannuation Officer will act as Deputy Secretary of the Superannuation Arrangements of the University of London (SAUL), a self-administered scheme for non-academic or related staff, having some 8,000 members and pensioners. He/she supervises the administration of SAUL, the systems for which are computerised, including records and payment of benefits. He/she acts as Deputy Secretary to other University pension committees, and he/she supervises the section dealing with the pensions of the staff of the Central University.

A sound education is essential and a degree of professional qualification is desirable. Preference will be given to candidates with previous experience in the pension fund. Sound judgement, the ability to control staff and administrative ability are important. Salary in Administrative Grade LB (20-27) to £4,511 plus £40 London Allowance. For details apply to: Mr. P. C. Taber, Personnel Administration, Bankers Trust Company, 9 Queen Victoria Street, London, EC4P 4DB. Further information obtainable from Personnel Officer, Senate House, Malet Street, London WC2E 7HU. Tel: 01-235 5808. Ext. 15. Closing date for applications 17th June.

# LOMBARD & ULSTER BANKING LIMITED



## BANKING

EXPERIENCED BANKER or QUALIFIED ACCOUNTANT with the right background

Lombard & Ulster Banking Limited is a subsidiary of Ulster Bank Limited and a member of the National Westminster Group. We are expanding our Banking Division staff as Belfast and London branches. The right candidate will have a good banking background or be a qualified accountant with relevant experience and a car will be provided. There will also be membership of a non-contributory pension scheme and an attractive house mortgage scheme. Lombard & Ulster are looking for an ambitious individual who will have the ability to make a significant contribution as a member of a small progressive team and who wants a challenging and rewarding career. Please apply to:

C. F. S. Gibney, Managing Director,  
LOMBARD & ULSTER BANKING LTD.,  
Canon House, North Street,  
Belfast, BT1 1JZ.

# International Arbitrage Trader

To be responsible for Trading Desk in London Office. Thorough knowledge of International Equity Markets and experience in dealing with institutional accounts required.

Contact: Dick Rogoff  
Goldman Sachs International Corp.  
40 Basinghall Street, London EC2V 5DE,  
01 638 4155

# FINANCIAL EXECUTIVES

Financial Executives preferably, but not necessarily, with music business experience currently earning in the region of £5,000 p.a. upwards who are interested in moving to a senior position in the music industry should write in complete confidence to the address below giving details of experience and current earnings.

John Edwards,  
68J Crystal Palace Park Road,  
Sydenham,  
London S.E.26.

This vacancy is open to both men and women.

# Head of Eurocurrency Syndications Section

required by expanding multinational bank. The successful applicant will be responsible for marketing all loans and will report to the International Loans Manager. Salary negotiable but not less than £8,000.

Applications, with full c.v., should be addressed to:-

The Manager  
Irao Overseas Investment Bank Ltd.  
120 Moorgate  
London EC2M 6TS

# Company Secretary (Designate)

London

For a profitable and expanding manufacturing and distributing group: annual sales £275m. The Company Secretary Designate will report to the Director of Administration and Personnel who is also at present the Company Secretary, but who has become increasingly concerned with management generally. The successful candidate should be appointed Company Secretary after a short probationary period. Responsibilities will include the usual range of company secretarial duties, legal matters and some involvement in the personal field. This appointment offers an opportunity to make a positive contribution at top level to a small corporate management team and duties will extend beyond those of an exclusively specialist role. Applicants, men or women, preferably in the age bracket 35 to 45, should be barristers or solicitors or have a law degree and have a sound practical knowledge of company and commercial law. Experience in a commercial/industrial environment would be an advantage. Although based at the London head office some travel in the UK will be necessary. A five-figure starting salary is negotiable together with company car, fringes and relocation assistance.

Please telephoned Philip Egerton (01-584 5171) or write to him in confidence, quoting reference 3589/FT.

# Inbucon/AIC

Executive Selection  
197 Knightsbridge, London SW7 1RN



# Local Authority Dealer

We require a Dealer who is experienced in all aspects of the Local Authority Market.

Write in confidence, giving details of previous experience to:

MANAGING DIRECTOR,  
KIRKLAND-WHITTAKER (STERLING BROKERS) LTD.,  
67 CHISWELL STREET, LONDON EC1Y 4XX.

# CREDIT ANALYST

Due to expansion in our lending area we have an opening for a credit analyst who will join a team of analysts who provide support for our international lending activities.

The successful candidate will be aged 23 to 27, with a degree or other suitable professional qualifications, one to two years' experience in credit analysis, preferably obtained in an international bank. Initiative and the ability to assume early responsibility are important qualities. Salary is negotiable plus usual fringe benefits associated with banking employment.

If you are interested in this position, please write enclosing a curriculum vitae or telephone for an application form to:

Miss G. Beck,  
FIRST NATIONAL BANK IN DALLAS  
60 Aldermanbury, London EC2V 7JT.  
Telephone: 01-606 9111.

# STATISTICAL DEPARTMENT

of well known firm of Stockbrokers require an assistant who has experience in handling investment enquiries. Candidates should write to Box A5973 giving details of previous experience and present salary.

# Stockbroking in the Country

A London firm of Brokers has a vacancy in their Cotswold Office. Applicants with experience, to help in managing and expanding Private Client and Buy & Sell business, apply to Box A5970, Financial Times, 10, Cannon Street, EC4P 4BY, giving details of experience to date.

# Junior Dealer

Kitcat & Aitken require a Junior Dealer. Please contact Mike McKee or Bob Borthwick on 01-588 6280.



# FINANCIAL CONTROLLERS

One for Belgium, one for Hong Kong. Directorship envisaged. Preferably qualified and with physical commodity trading experience. Substantial salary with benefits negotiable.

METALS DESK TRADER  
For American Commission House Bank - salary in region £20,000 p.a.

SALESMAN/TRADER  
He or she will sell bulk commodities to supermarketers and other UK outlets. Salary negotiable, £6,000 but substantially more for person with good contacts, experience, initiative and drive.

POSITIONS IN THE USA  
Any traders or other commodity speculators wishing to relocate to the USA should contact Graham Stewart at the number below before 17th June.

01-439 1701

# THE FINANCIAL TIMES has a vacancy for a FULLY QUALIFIED JOURNALIST to join the Stock Exchange reporting team:

Applications, with full c.v. should be sent to:-  
MANAGING EDITOR  
FINANCIAL TIMES  
10 CANNON STREET  
EC4P 4BY

# TIMES NEWSPAPERS LIMITED FINANCIAL JOURNALIST

A vacancy will shortly exist for a young financial journalist with working knowledge of the financial system and corporate sector and with experience in the field of financial analysis. Please write with full details to:-

The Employment Manager,  
Times Newspapers Limited,  
200 Gray's Inn Road,  
London WC1X 8EZ.

# FINANCIAL DIRECTOR/ COMPANY SECRETARY

required to strengthen management of London based private group of companies operating in Export Packaging, Freight Forwarding and Furniture Manufacturing fields. Turnover £1.5m. per annum. Profit sharing for right person. Write Box A.5949, Financial Times, 10, Cannon Street, EC4P 4BY.

# FINANCIAL ACCOUNTING MANAGER

£27,000 neg. 28/40. Major S.W.1 expanding Co. seeks a qualified Chartered Accountant who will be responsible for European subsidiaries. Specific duties include: monthly operating reports and analysis, controlling assets, accounts, taxation and legal aspects. 12 months. Write Box A.5949, Financial Times, 10, Cannon Street, EC4P 4BY.

# APPOINTMENTS WANTED

FINANCIAL ACCOUNTANT/F.C.A. 35 with 10 years experience of industry. Commerce and Banking at director level. Having successfully organised own business in various fields. Tel: 01-947 884.

# Finance Director

£10,000-£15,000  
Surrey/Hants border

An autonomous subsidiary of a major UK public company is looking for a Finance Director following the promotion of the present Director. The company is located within easy reach of London and is selling a service to businesses of all sizes on a national basis. This is a Board appointment and the successful candidate will be responsible to the Managing Director for the finance, data processing and planning functions. Essential requirements:-  
- qualified accountant aged 35-45  
- currently earning in excess of £7,500  
- has had responsibility for both accounting and data processing functions  
- knowledge of taxation  
Replies, giving full details of qualifications and experience will be forwarded, in confidence to the management consultants who are advising on this appointment.

JWT Recruitment Limited (S63/FT)  
40 Berkeley Square London W1X 6AD

# EVANS EMPLOYMENT AGENCY LTD.

will welcome your enquiries in strict confidence about positions in STOCKBROKING AND BANKING  
15, Caphall Avenue, London EC2R 7BT. 01-428 0985

# PHILLIPS & DREW

Phillips & Drew require one or two senior Dealers with experience of Institutional dealing.

Likely age bracket 27-33.

Applications are also invited from young men and women, with or without experience, to be trained as "blue-buttons."

Apply Staff Manager, Messrs. Phillips & Drew, Lee House, London Wall, London, EC2Y 5AP.

# AMERICAN INVESTMENT COMPANY

We wish to recruit a young, self motivated executive to work in our city office and make investment recommendations on a wide range of securities including an existing, substantial Eurobond portfolio. We envisage that suitable candidates will already be in a position of direct responsibility for investment decisions most likely within a stock-brokers office.

The prospects are excellent and the attractive remuneration package reflects the importance that this position will have within the company.

Please reply in confidence, with a curriculum vitae to Box A.5976, Financial Times, 10, Cannon Street, EC4P 4BY.

Handwritten signature or mark at the bottom of the page.



Secretary

قائمة من العملات

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\*see Guinness Book of Records: Coins—Rarest Modern British

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- the world's most valuable Farthing.

### ROMANCE OF THE CENTURY

Edward Albert Christian George Andrew Patrick David, later King Edward VIII, was born in 1894, the second son of King George V and Queen Mary, grandson of King Edward VII and great-grandson of Queen Victoria.

He became Prince of Wales in 1911. Edward's engaging personality triumphed continually over a background of excessive formality and by middle-life he had become an astonishingly popular and well-beloved man both at home and abroad.

Dealer Here was a modern Prince Charming, a man in tune with his times, the man who became when his father, George V, died on January 20, 1936. Long live the King! King Edward VIII, bachelor still with his youthful good looks at the age of 41, in his reign with unselfconscious ease and a self-appointed mission to modernise the Monarchy.

Even to the extent of marrying the woman he loved, Wallis Warfield Simpson may have been a pioneer in the eyes of the English Court but there was no disputing her position as a member of American society. Both her parents came of old and established families. She attended the most fashionable girls' schools of her day. By the time she first became the Princess of Wales at a party in November 1930, she had become a highly sophisticated world traveller. She had also divorced one husband and married another. In London society she shone; not only as a woman of natural grace and charm, but also as one who was well informed, attractively self-assured; a woman decidedly more independent spirit than others in her social group.

Wallis Warfield Simpson was a fitting companion for any accomplished gentleman and a particularly stimulating friend for the socially aware, progressive Prince of Wales. During a summer cruise in 1934, they realised that their friendship had extended into love.



Problems obviously existed, problems that remained unresolved when Edward became King in January 1936.

The most obvious one — Wallis's marriage to Ernest Simpson — instead of disappearing as it would have done for lesser beings, led to an even graver issue on the granting of a decree nisi.

Now, the British Government and Press faced the reality of an impending marriage; a marriage that could rock the realm by overriding centuries-old traditions and beliefs.

Mrs Simpson was not of Royal blood. She was American born, and bred. Even if such unprecedented obstacles could be overcome, as head of the Church of England a British King could not marry a divorced woman.

There followed approximately three short weeks of intense drama which included shock, anger and heartache. This was 1936. In those days, far more than now, public opinion took guidance from the Establishment.

As the news and rumours intermingled and circulated throughout the land, Edward had an agonising personal decision to make—and he had to make it quickly.

He could give up Wallis Warfield Simpson. But having waited so long for true happiness, how could he give up the woman he loved?

He could enter into a bitter confrontation with Parliament. This would create a constitutional crisis that the country, indeed much of Europe, could ill afford at this time of depression and international stress. Edward's own strong sense of duty would rule out such a catastrophic move.

He could renounce the throne, sacrifice his birthright, and be free to marry for love.

Almost at the last minute, Wallis Simpson decided to give up Edward — to commit one of those selfless romantic acts which the world has always admired — for the sake of the country.

It was too late. Edward had already made his decision. After barely 11 months as King, Edward VIII signed his instrument of abdication on December 11, 1936. The setting for this momentous act was Fort Belvedere, his cherished country home which reflected so poignantly the creative spirit for which he had been deeply admired. He announced his decision to the world in an unprecedented radio broadcast in which he said:

"I have found it impossible to carry the heavy burden of responsibility and to discharge my duties as King as I would wish to do without the help and support of the woman I love."

Created Duke of Windsor by his brother and successor, George VI, the ex-king married Mrs Simpson in France on June 3, 1937.

Their supremely happy marriage was, rightly described in 1948 by his friend Sir Winston Churchill as "one of the great loves of history".

### NEW COINAGE FOR THE NEW ERA

The romance and drama surrounding Edward VIII's eleven-month reign extends into the design and production of his coins. He took a great personal interest in every stage of their creation. He called for sweeping changes — changes which were not altogether popular with his die-hard traditionalist advisers.

### THE FACE OF OPPOSITION

For 300 years successive monarchs had always faced in opposite directions on their coins. King George V faced left. King Edward VIII was therefore due to face right. But Edward was convinced — and rightly most would agree — that his left profile showed his features to their best advantage. He would change the centuries-old tradition and face left.

Attempting to avoid a controversy, experts instructed the designer to depict the King's left profile but at the same time face him to the right. Edward could not agree to this somewhat ridiculous ploy. Further designs had to be produced with his effigy facing left. From these the final selection was made. Although it may seem trivial now, this major break with tradition would undoubtedly have produced a strong reaction from numismatists and other connoisseurs.

### THE OTHER SIDE OF THE COIN

In keeping with his ideas for modernising the British Monarchy's image, Edward was determined that his coinage would reflect a modern outlook.

He personally encouraged the introduction of new designs for the reverse of a number of coins. Of a proposed set showing 'Royal' wildlife — stag, eagle, sturgeon, swan, dove and wren — only the wren was eventually adopted. It appears on the farthing of this legendary £250,000 set.

### A 'SECRET' FOR 36 YEARS

New coinage for Edward VIII was to be issued in the United Kingdom at the beginning of 1937. But as the King abdicated in December 1936, Edward VIII coins were never issued. For the first time during the reign of a British monarch no coins were issued. British coins had until then the distinction of being the longest continuously issued series of coinage in the world.

Although the final designs had been approved and coins struck, none were issued. Not even the world-famous British Museum Collection has a set of Edward VIII coins. It has only plaster casts of the coins.

The former King never possessed a set of his own coins. His Royal Highness The Duke of Windsor made great efforts to obtain a set of his own coins but was never able to acquire more than one coin for which he paid approximately £300 in 1954.

The only known sets are:

1. In H.M. The Queen's Collection at Windsor.
2. At the Royal Mint in London.
3. In a Private Collection in the U.S.A. which will be donated to a museum.

As these three sets will never be available to collectors you can appreciate the unique rarity value of the only other known set.

### THE RICHARD LOBEL EDWARD VIII SET NOW ON OFFER

These six extremely rare Edward VIII coins are part of a pattern or trial set. Their very existence was consistently denied by the Royal Mint until after the death of the Duke of Windsor. Their whereabouts was generally unknown until about 1973.

The coins were eventually purchased in America, for the highest price ever paid for any set of coins, by leading international numismatist, Richard Lobel of London. By returning them to Great Britain where they so rightly belonged Richard Lobel hoped that this time such a rare and tangible part of our history could stay here, in its country of origin, and not fall, once again, into foreign hands.

However, at this time, it is extremely unlikely that the home market can produce a single private client for such a uniquely expensive item.

That's why this first-ever Syndicated Coin Offer is such an exciting innovation.

And it offers you the investment opportunity of your lifetime—for as little as £100!

Note:—For security reasons the coins will be in the safe deposit vault of an authorised bank or trust company.


### THE PROSPECTUS CONTAINS A LETTER OF AUTHENTICITY FROM THE ROYAL MINT

# Richard Lobel & Co. Ltd.

## DEALERS IN RARE COINS

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Telephone: 01-636 1188 Telex: 24252

This offer closes on the 22nd day of June, 1977



Please write, telephone, or Telex for detailed Prospectus NOW

RICHARD LOBEL & CO. LTD.,  
Box 4AG Cavendish Court  
11-15 Wigmore Street, London W1A 4AG

Please send me the Prospectus covering the Richard Lobel EDWARD VIII COIN COLLECTION SYNDICATION

NAME \_\_\_\_\_  
ADDRESS \_\_\_\_\_  
POSTCODE \_\_\_\_\_

Application for shares will close on 22nd June 1977



COMPANY NOTICES

JARDINE, MATHESON AND CO. LIMITED
NOTICE IS HEREBY GIVEN that the Registrar of Companies...

STEWART AND LLOYD OF SOUTH AFRICA LIMITED
The Directors have declared a dividend...

TRANSVAAL CONSOLIDATED LAND AND EXPLORATION COMPANY
Incorporated in the Republic of South Africa

NOTICE IS HEREBY GIVEN that the Registrar of Companies...

S. G. WARBURG & CO. LTD.
NOTICE IS HEREBY GIVEN that the Registrar of Companies...

S. G. WARBURG & CO. LTD.
NOTICE IS HEREBY GIVEN that the Registrar of Companies...

TRANSVAAL CONSOLIDATED LAND AND EXPLORATION COMPANY
Incorporated in the Republic of South Africa

PAYMENT OF COUPON No. 78
With reference to the company's interim dividend...

FIELD FINKE & MARTINEAU
NOTICE IS HEREBY GIVEN that a Petition for the winding up...

LEGAL NOTICES

IN THE HIGH COURT OF JUSTICE
Chancery Division Companies Court...

IN THE HIGH COURT OF JUSTICE
Chancery Division Companies Court...

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LABOUR NEWS

Iron and steel union backs further pay controls

BY ALAN PIKE, LABOUR STAFF
Mr. Sims, for the executive, said that as no one knew at this stage what future pay guidelines might contain it would be illogical to reject them in advance.

No agreement on airline pay claim

ENGINEERING shop stewards and British Airways management appeared to have failed to reach agreement in talks yesterday over a shift pay claim.

Port Talbot strikers withdraw pickets

PROSPECTS FOR a return to work next week at Port Talbot seemed a shade brighter yesterday after striking electricians withdrew pickets from two tinplate plants because of lack of support.

Trial urged for industrial democracy

BY JOHN ELLIOTT, INDUSTRIAL EDITOR
A SEVEN-YEAR experimental period of legislation on industrial democracy during which all large companies would be expected to try some form of Board representation...

Price cuts will bring decline, airlines are warned

BY ROBERT MANTHNER. PARIS, June 1.
MR. KNUX HAMMARSKJÖLD, Director-General of the International Air Transport Association, warned in Paris to-day that if the financial situation of the world's airlines did not improve quickly it would lead to an inevitable decline in the services offered to clients.

Hospital peace bid fails

By Nick Garnett, Labour Staff
TALKS YESTERDAY between health administrators and the National Union of Public Employees failed to settle the dispute involving hospital ancillary staff...

Masius and JWT neck and neck

BY MICHAEL THOMPSON-NOEL
THE ABSORBING if slightly unreal agency numbers game has taken a fresh turn with the news that Masius Wynne-Williams has captured the lion's share of British Rail's 1978 advertising account...

Darlington journalists called out

JOURNALISTS at North of England Newspapers have been called out on strike from tomorrow following the appointment of a non-union journalist, Mrs. Josephine Smith, some weeks ago.

Chloride sit-in

CONVENORS of a strike by more than 4,500 workers in the automotive division of Chloride Group said yesterday that their dispute with the management had reached 'total deadlock'.

Navy for Y and R

YOUNG AND RUBICAM has this summer on a major push to win the £750,000 Ministry of Defence advertising campaign for the Royal Navy, while Freeman Mathews and Milne is to handle Department of Employment campaigns worth approximately £250,000 last year.

Advertising and... Masius and JWT... Rail rediscovers its get-up-and-go... Darlington journalists called out... Chloride sit-in... Navy for Y and R

FINANCIAL TIMES CINEMA
There's no need to hunt around the West End for a suitable venue or viewing theatre. The FT Cinema, here in the City, offers seating in comfort for 500+ people.

Conference? Seminar? Company Meeting? Reception? Film Preview? Advertising Presentation?
M. Pierre Giraudet, president of Air France; Mr. Knut Hammariskjöld, director general of IATA; and Mr. Lenox Hewitt, chairman of Quantas, meet outside the conference hall.



# The Marketing Scene

EDITED BY MICHAEL THOMPSON-NOEL

## Snacks: the giant mini-market

BY OUR MARKETING EDITOR

EVERYONE KNEW that the snack market was big, but until this week no one really knew how big. The Food Group has now opened a six-month investigation of this tricky market with the total sales last year as packaged crisps, savoury biscuits and nuts reached £271m. More than any previous year is expected to be around £337m, a gain of 24 per cent. Of this total for last year, crisps had a 35 per cent share in total sales, Golden Wonder's at 15 per cent, Own Biscuits at 12 per cent, Walker's 10 per cent, and all other brands topped the rest. The market is expected to gain 40 per cent of the total business, worth £30m, last year, with 30 per cent each for Golden Wonder and United Biscuits. The size of the snacks market — £271m last year — is best grasped via a comparison of manufacturers' estimates for other food markets. Snacks obviously fall far behind confectionery (£1,016m), but they outstrip instant coffee (£140m) and canned soup (£120m) combined, and are more than twice the size of margarine sales (£120m).

Finally, nuts. Smiths reckons that sales last year were worth £45m, with United Biscuits' KP brands taking 50 per cent against 23 per cent for Smith's Big D and 12 per cent for Golden Wonder.

Smith's reckons sales in 1977 will climb to £216m. The number of outlets in this market is vast, so to compensate for this as well as obtain the most accurate data possible, Smith's has brought together information from Nielsen, AGB, and other manufacturers, the results of which were sent to Mintel for examination. Smith's says that despite VAT increases in the cost of cooking oils and finally the dismal potato harvests of the past two years, sales of crisps nonetheless improved 2 per cent by volume last year with a further 2 per cent expected by the end of 1977. Savoury snacks, on the other hand, showed a robust 21 per cent volume sales increase last year with a further 11 per cent

## Cover Girl goes for hard sell

BY ART ALEXANDER

THE FINAL acceptance by supermarkets of the young mother, Cover Girl cosmetics in a number of outlets has brought a smile to the U.S. company which so far has not too happily spent time in the UK market.

Even the order of the day is to be used with caution in a market that has not been at its most frenetic for the last two years. The initial success is a new pack using food broker and reseller Jenks Brothers of Wycombe, which has long been published and widespread connections with the supermarkets.

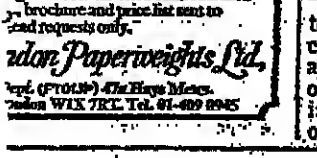
Jenks will market the product to the extent that it will merchandise the display stands in the stores and mark the prices, while at a time he levels it has used its experience in putting the generally small containers on coloured swing cards with a plastic blister.

This has many advantages for Cover Girl, which is building up its manufacturing plant at Wakefield which will supply the whole of Europe. The multi-language cards are big enough to contain all the information required by individual governments and are not perforated so the product is more difficult to steal.

Cover Girl feels that the conversion of the British housewife, particularly the young mother, will follow the trend in the U.S. and to a lesser extent Switzerland, where supermarkets have taken a big slice of the cosmetics market away from specialist retailers.

Cover Girl, which is owned by the Norwell Corporation, is convinced that cosmetics can be marketed in a no-hust way. Eric Berry, its group marketing director in the U.K., feels that the ballyhoo and mystique of the Lauders, Rubinstains and Revlon sales are a thing of the past.

His scepticism, however, that some imagery must remain if the product is not to slide over the line into the toilettes division. "We are making it respectable to buy good quality, good colour, carded cosmetics." He should also add that the profit margin offered to the grocer retailer is often higher than he can make on more traditional lines, and



Solid Marble Paperweights

Open your company, carrying a full colour and accompanying the...  
Waddingtons Playing Cards

**Advertising is selling. No more. No less.**

J.C. Bamford Excavators, Ind. Coope Hotels, Royal Doulton Sanitaryware, Hallam Group, Nottingham and Biltons Tableware are a few of the people who agree with us. Send for our brochure and find out why.

**J.B. Brookes Advertising**  
Cambridge House, Cambridge, Uttoxeter, Staffs. ST14 5BL. Tel: (0889-26) 46819.

## Joking apart...

Every card has its serious side. The back. Where your message is seen at every deal and shuffle.

Waddingtons print packs in hundreds or thousands; write or phone for information, prices and samples.

**Waddingtons Playing Cards**  
251 Dept. Waddingtons Playing Card Co. Ltd.  
Waterfield Road, Leeds 18.  
Tel: (0532) 712244

Advertising in the wrong media is like pouring water on the desert whatever you spend you'll achieve little result.

Pan Arab Computer Center has the first computerised Media Monitoring System and Media Survey in the Gulf. It can give you detailed research, accurate figures and competitive information at anytime to help you invest your money wisely.

**PACC**  
A quality service company  
PAN ARAB COMPUTER CENTER  
P.O. Box 921 Kuwait



IF YOU wanted to reach the pages and large spaces—some times in the same issue—and tell you about its low prices plus stamps or offers luggage, sunglasses and cameras. Then there were very discreet two-inch ads like the one which used

son and Hedges. But they are largely composed of pack shots. "A tip for smart women," the ad for Player's Bachelor cigarettes used to say and—wait for it—it was a pack shot but the pack was held by elegantly varnished (dark) finger nails. Some things don't change. It was sufficient in those days in a front page solus to state "This is the gin. Gordon's stands supreme" and illustrate it with the 33/9d bottle. Nowadays there is the whimsy of the rhino in the bar when the ad is for White Horse whisky, while Guinness (see picture) is as good to-day as then.

The random browse through old copies showed a great vitality in the ads, with drawings of scampering dogs, strip stories of the "How I solved my problems with Valderma" variety, deeply romantic settings for Black Magic chocolates—she in evening dress and he in black tie—and Lady Penelope Forbes endorsing Pond's face powder. Nowadays you get hit with a page of cameras from Dixons or a list of prices for food and drinks.

Nowadays the Co-Op takes

"Fit for a film star" as the slogan for Wheatbead shoes (sensible) from Co-Op Societies everywhere. And there was the Dudley junior vacuum cleaner from the same stores and in similar ads.

Cigarettes now are featured in pages and half pages—Marlboro, Stuyvesant, Rothmans and Ben-

## COMMENT Stop shouting and start influencing

BY STAN SYMINGTON

ACCORDING TO Thames Television's annual report, retail store advertising has risen 271 per cent (how precise) in the past four years—a revenue increase of over £3m. The same report states that Thames is carrying 400 per cent more advertising on cinema distributors since 1972, and that LP advertising is at record levels.

And from London Weekend's latest marketing review we see retail stores, grocery chains, magazines and records moving up to occupy four of the six top TV spending categories last year. Between them they spent £42m nationally, an increase of 30 per cent over 1975.

MEAL carried on the relentless statistics—hardly a single packaged goods brand featured in the list of Top 10 TV and Press advertised brands last year; indeed the bulk of the Top 20 is made up of retailers and the merchandisers.

What do these cold figures really mean to advertising people and television-watching consumers? Perhaps they suggest some old truths about how advertising works. Suddenly, because there's a lot of this type of advertising on the telly, one is more aware of it.

While it was mainly confined to the Press it was easier to ignore. So telly, as we always knew, is the most intrusive medium. But the second old truth is that intrusiveness is not an end in itself, and can be negative in its effect. Perhaps retail advertisers have not yet learned how to stop shouting in order to influence people now they've been allowed into the living-room.

Many retail advertisers seem to have a curious notion of how advertising works. They appear to believe that the more they stuff their 30 seconds full of sound and vision, the better

chance they have of touching some imaginary button below the viewer's armchair and compelling her, purse open and ready, straight to the cash check-out. Of course advertising does not work this way, because people do not work this way. Whether one is using advertising to strengthen or modify a set of attitudes and an image over a substantial period of time, or to evoke a desire to purchase to-morrow, it cannot sell products; it can only sell ideas or feelings about products. Some retail advertisers have learned this lesson, and their advertising ceases to be irritatingly intrusive and becomes instead interestingly intrusive.

Consider the Collett Dickenson and Pearce commercials for the Shadows compared with some of the crass offerings from the record merchandisers.

In a way the growth of retail advertising on television is TV advertising being born again. Just as in the early fifties all advertisers had to learn how to use television, so today very few of the new big spenders in the medium know how to use it. And because television is such an intrusive medium, this must be having some bad effects on the telly-watching consumer. She may not be complaining about it, nor able to articulate it if asked. But frantic, loud and ugly advertising is nearly always bad advertising, and bad advertising is bad for advertising.

Television contractors and agencies who think both about how advertising works and, more importantly, how it does not work, should sustain and increase their efforts to persuade the new television advertisers to use the medium more thoughtfully. If they do, they will probably win a few awards—and a few accounts.

Stan Symington is deputy managing director of the Kirkwood Company.

# Midland Bank International in the Philippines.

Midland Bank now has a Regional Group Representative Office in Manila. This adds a further dimension to our already strong, long-standing relationships in South East Asia and its financial institutions, both indigenous and foreign.

The Bank has been and continues to be a leader in trade finance between countries in South East Asia and the UK and enjoys the confidence of central banks and governments.

Contact Mr P.F. Cryer our Group Representative for the Philippines at 4th Floor, Legaspi Towers 200 Building, Paseo de Roxas, Makati, Rizal, Philippines, or P.O. Box 7502, AEO-MIA Philippines 3120. Tel: 89-74-25 or 89-78-60. Telex: 3244 MBG PN. Cable: MIDBANREP MANILA.



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Incorporating THE FINANCIAL NEWS

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Telex: Editorial 586341/2, 833897; Advertising: 855033

THURSDAY, JUNE 2, 1977

## Phase Three questions

THE GLOOMINESS of the National Institute's latest forecast is due mainly to greater uncertainty about the prospects of a satisfactory agreement being reached between Government and trade unions about a further phase of voluntary wage restraint. Its central assumption, an increase in average earnings of about 15 per cent between mid-1977 and mid-1978, is a compromise between two extreme alternatives. The first, an average earnings increase of about 10 per cent, which the Government had in mind, is now regarded as less probable than earlier in the year. The second, an increase rising rapidly from 10 per cent in the autumn to 20 per cent by the spring of next year and 25 per cent by the autumn, would clearly have extremely serious consequences, not only in terms of the inflation rate but on output and employment.

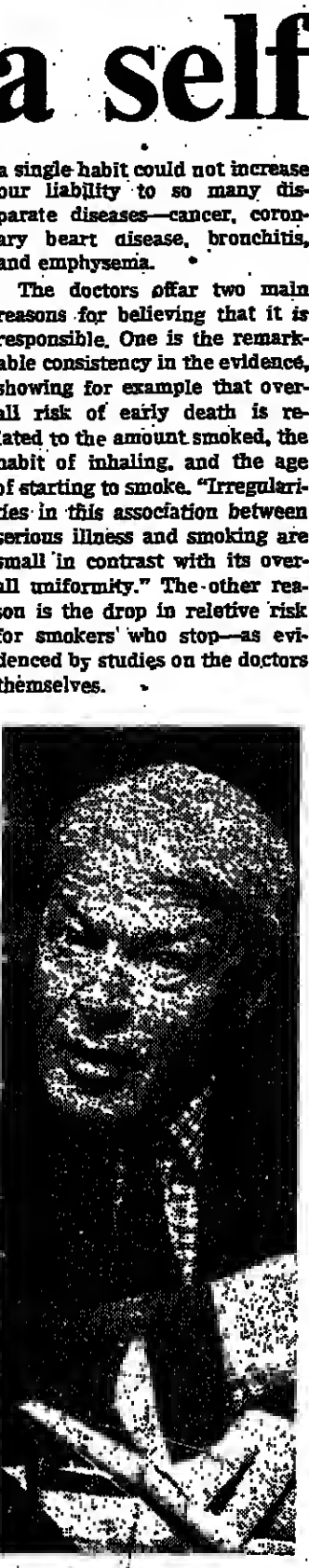
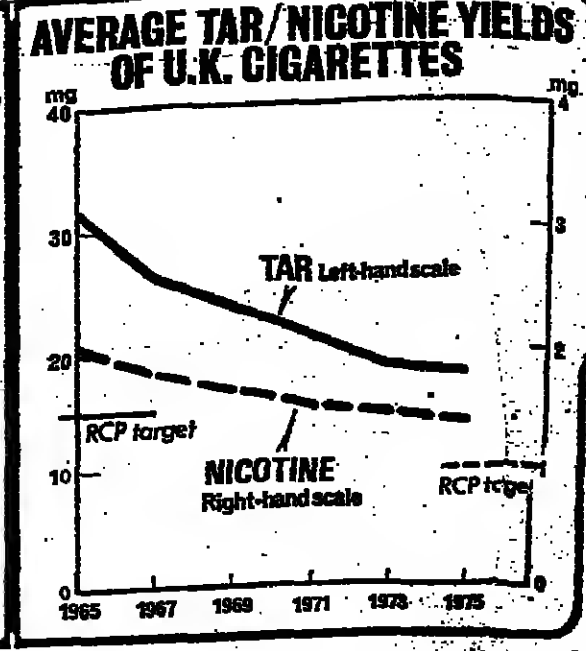
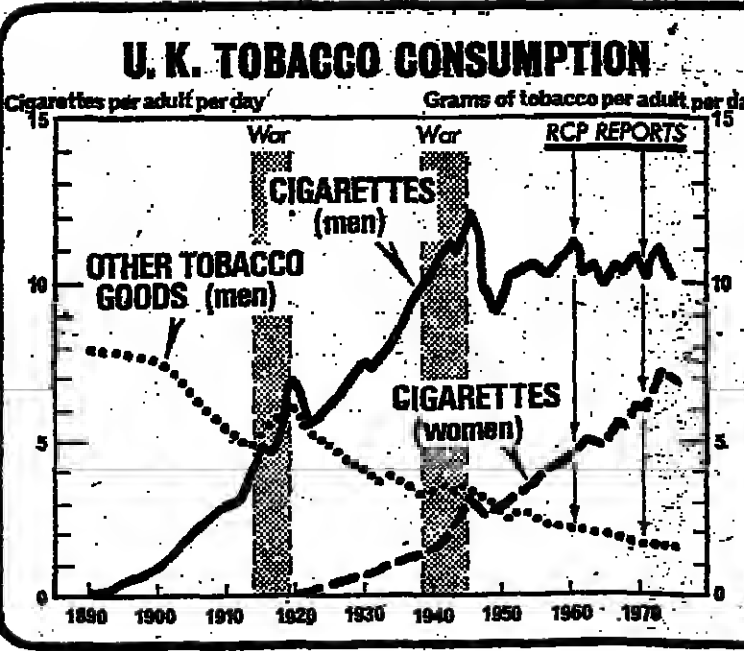
## President Carter's line to Cuba

IN HIS major foreign policy speech in Indiana last week, President Carter made two points which may have seemed hard to reconcile. On the one hand, he said, the U.S. was now free of "that inordinate fear of communism" which had once led it to embrace any dictator who shared the fear. A later passage of the same speech, however, read as follows: "We hope to persuade the Soviet Union that one country cannot impose its own social system upon another, either through direct military intervention or through the use of a client State's military force... as with the Cuban intervention in Angola."

The third report by the Royal College of Physicians on smoking and health is highly critical of the failure of smokers to heed doctors' earlier warnings and impatient of lack of Government action in reducing the incidence of tobacco-induced disease. DAVID FISHLOCK, Science Editor, reports.

# Smoking: a self-inflicted wound

MUCH OF the dispute about whether smoking causes particular illnesses centres on questions of errors of diagnosis, and there is little room for error in the diagnosis of death. This ominous observation sums up how our doctors and medical scientists see those who still will not accept the evidence that "smoking can damage your health."



Sir Cyril Clarke: Past president of the Royal College of Physicians and chairman of the committee on smoking and health.

So the doctors look carefully at the underlying attractions of smoking, and come to the conclusion that nicotine—present at levels of 1 to 3 per cent in most tobaccos—is the root of the habit. Although only one of about 1,000 chemical substances isolated from tobacco, it is a powerful drug. A small cigarette contains enough to kill if injected intravenously.

Smoking Material (NSM), the ICI-Imperial Tobacco joint venture, or Cytrel (Gallaher and Rothmans). It admits that medical science still does not know which specific chemicals in tobacco cause the diseases, only that "most smoking-related cancers are probably caused by carcinogenic substances in the 'tar' fraction of the smoke." So it cannot specify precisely which should be reduced to lessen the risk.

## MEN AND MATTERS

Fraser v. Whitlam... in London. Australian Prime Minister Malcolm Fraser got down to business in London yesterday, holding talks with Denis Healey before discussing bilateral cooperation in uranium and associated nuclear matters with Anthony Wedgwood Benn. Back in Canberra, meanwhile, his arch political rival, Gough Whitlam, savoured his narrow re-election as leader of the Australian Labor Party and confirmed his own plans to come to London this week-end.

## Richard's rise

The accountancy profession is beginning to look beyond the immediate and confusing business of inflation accounting to a celebratory 1980. The Institute of Chartered Accountants will be 100 years old then, and the institute president that year, barring the unforeseen, will be David Richards.

## Whatever you're exporting

HERE'S WHERE YOU STRIKE OIL! The Arabian Year Book 1978. THE MIDDLE EAST'S FIRST REFERENCE BOOK ON CAPITAL AND CONSUMER GOODS AND SERVICES - LOCAL AND WORLD-WIDE. Backed by Kelly's Directories Ltd. and The Dar-Al-Seyassah Press (publishers of The Arab Times), the First Edition - now in preparation - will open up this major market of our time.

Problems? The recent proposal by Dr David Owen, the Foreign Secretary, that the Nine should consider means of excluding "non-democratic" countries from membership of the EC has caused a certain amount of

Observer



# More work to less effect

UNEMPLOYMENT IS the Government's Number One domestic problem. But the behaviour of unemployment has also come as a surprise—and a pleasant one at that—both to the Government's advisers and to outside economic forecasters.

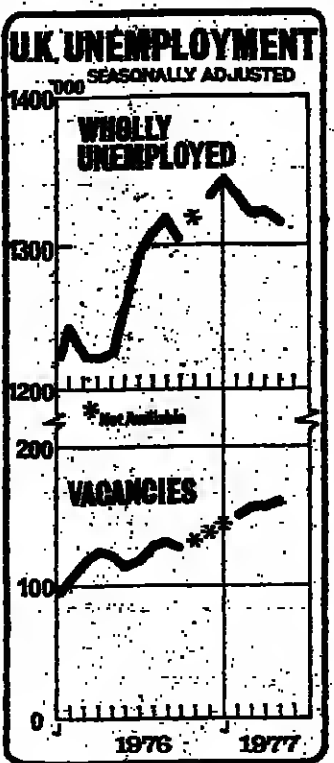
Unemployment is still very high by past standards; 13.2m. or 5.7 per cent, and is expected to rise by more than 200,000 with the bulge of school-leavers in July or August. Nevertheless, when the Budget forecasts were prepared early in March, the underlying seasonally adjusted adult trend was expected to be strongly negative. Instead, the trend has been only slightly downwards, amounting most having fallen by over 20,000 between January and May. There could well be a deterioration later in the year, but the experience in the last five months of the year has falsified most predictions about the labour market.

Basically, the reason for this is that the economy has been growing faster than expected. The rate of growth of output was expected to grow by only 1.4 per cent, compared with a growth potential of about 3.1 per cent, thus increasing the slack. Some of them regretted that the Chancellor was unable to give demand a stimulus because of the IMF limits to his borrowing requirement and to monetary expansion. The monetarist forecasters for their part expected renewed recession because the real money supply (money divided by the value of output) was falling sharply.

If it were just unemployment, the apparent turnaround might be attributed to temporary distortions brought about by

official slow growth forecast. So is consumer spending which has been revised downwards.

There may have been an improvement in the second quarter for which there is so far a dearth of figures. Leading export houses have reported good returns and the CBI investment forecasts remain extremely optimistic in forecasting a turnaround in the months to come.



reporting too few orders as the limiting factor has fallen in the period from 85 per cent to 71 per cent.

The turnaround in the labour market is even more puzzling because, on the available statistics, it does not rest on a better than expected growth of output. The preliminary GDP figures for the first quarter, based largely on industrial production, are in line with the

forecast. So is consumer spending which has been revised downwards.

There may have been an improvement in the second quarter for which there is so far a dearth of figures. Leading export houses have reported good returns and the CBI investment forecasts remain extremely optimistic in forecasting a turnaround in the months to come.

The forecasts of the National Institute of Economic and Social Research published today, have been revised upwards and now show a growth rate for the year up to the first half of 1978 of 3 per cent. The National Institute is out of line, somewhat more optimistic than the Treasury in March, and a good deal more optimistic than the London Business School, not to mention private forecasters such as Forex, Phillips and Drew, and Kemp-Gee. But for once my instincts are on the side of the National Institute, if only because it has acquired an impressive expertise in interpreting the present—which is probably the most important use of forecasts anyway.

But the main reason for backing the more buoyant forecasts is the behaviour of the cyclical indicators of the Central Statistical Office. These are treated with much discretion by the Treasury and monetarists for lacking a theoretical basis. But it was their behaviour which gave me the first clue that the economy was not as depressed as one might have

supposed from the sharp fall in the real money supply. The index of longer reading indicators published to-day shows a rise for the fifth month in succession.

If a reason is to be found for the better-than-expected behaviour of the internal economy, the most likely is the sharp plunge in interest rates. The drop is much larger than can be explained by the improvement, if any, in the outlook for prices, and is thus a real fall. While the money supply is a better guide to policy than interest rates, because of unpredictable and subjective inflationary distortions of the interest rate, it is absurd to ignore them when they are obviously relevant from a misplaced loyalty to a particular school of thought.

It is, however, doubtful whether the failure of the unemployment trend to rise as predicted and the initial signs of a growth in the labour demand reflect solely, or even mainly, an improved growth of output. A deterioration of productivity has been at least as important. A glance at the Department of Employment's chart would suggest that output per head has not risen since 1972 — just a dip and a recovery to the old level. The National Institute has tried to allow for cyclical and other distortions; but it still has had to revise downwards its estimate of the "underlying trend in output per head" from the customary one of nearly 3 per cent to 2 per cent per annum. Productive capacity would then be rising by about 2.1 per cent because of the increase in the labour force.

The NIESR attributes the slowdown of productivity to the severity of the last recession, the long-term decline of the investment rate and the measures to create employment. To this there should be added measures such as the Employment Protection Act and the disincentives to productivity embodied in cost plus price control and rigid pay ceilings. Indeed, the productivity charts are appropriately placed at the end of the D.E. Gazette where they ought to bear the label "All Our Own Work" for the Department has been the keen-

**LABOUR TURNOVER IN MANUFACTURING**

Month	Engagements in Month		Discharges in Month	
	1974	1975	1974	1975
March	NA	2.0	1.7	NA
June	NA	1.7	2.1	NA
September	3.4	2.3	2.5	3.9
December	2.3	1.4	1.8	2.7

Source: Treasury back numbers of D.E. Gazette at irregular intervals

est supporter of the policies in rising by 20 per cent by the middle of next year. The last result is most likely to be obtained by persisting with the Stage Three agreement with built-in flexibility on top of a numerical norm—in the spirit of "any piece of paper is better than none."

The 15 per cent would probably occur under a so-called free-for-all; the 10 per cent is not attainable after our recent history. Everything else being equal, it is of course true that the rate of inflation, if it is to be anything more than a deliberate imperiousness to the effects of rapidly

rising money wages under a regime of monetary restraint. By attributing to market economists' ignorance of these elementary points (to establish which in fact they had to argue in the desert) and refusing to tackle their actual arguments, the exponents of incomes policy gain an easy victory among the already converted to no purpose whatever.

The first real question is whether taking a run of years—and not just asking critics "what would you do next October?"—pay controls really do restrain wages. The question is about real world pay controls, not controls just as imaginary models, which the Galbraithians waste their time knocking down. The second question is whether pay control is not merely irrelevant, but harmful in applying rigid rules to all, irrespective of either market pressures or industrial power. Both evidence and logic suggest that although a rigid limit for all can work in an emergency, there is no such thing as a flexible ceiling. Thirdly, how much extra harm is done by policies to buy TUC support for pay guidelines, both through more inflationary general policies and—much more important—through detailed industrial and social policies, which however well meant raise rather than reduce unemployment by obstructing rather than improving the functioning of the labour market, as well as by reducing productivity and efficiency? Until the incomes policy side investigates these questions, instead of just saying how nice it would be if pay rose the rate of inflation, if any, the debate will remain a dialogue of the deaf.

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## Overstated earnings

From Mr. P. Beauregard  
Sir—Human nature being what it is, finance directors of many companies will use the flexibility permitted under Exposure Draft 19 (May 25) to abandon deferred tax provisions in profit and loss accounts and thus boost earnings per share. This is a real danger to the exposure draft, accountants and others in a position to influence the Institute should be asking themselves whether it produces a truer, fairer or more accurate picture of companies generating surplus and dividend paying potential than the treatment applied hitherto. Profit and loss accounts, without a deferred tax charge will reflect on the one hand the unrealistically high pre-tax profits resulting from inadequate, historic cost charges for stock and fixed assets consumed in business operations and, on the other, the special tax allowances given in recognition of the greater current cost of stock and fixed assets consumed. Items not charged against profit under historic cost accounting.

ED 19 compounds the errors of historic cost accounting by exaggerating earnings figures that are already generally agreed to be overstated. Until an acceptable system of inflation accounting is introduced, let us retain mandatory deferred tax accounting, thereby a more conservative and logical approach.

P. H. Beauregard  
Row Bells House  
Broad Street, E.C.4

## No merciful leeway

From Mr. B. Campion  
Sir—Collin Jones is to be complimented on the competent way he trails all the traditional red herrings for which the rating system preservationists have long been renowned (May 28). Once again we have the anguished speculations about where "the extra £3bn. plus" would come from—and several preposterous propositions which have never been suggested in the first place: are industrial disbursements deductible? The money would come from the taxes, Mr. Jones—from the taxes. Admittedly, the rate reformers have been doing the over and over again, but nearly black in the face, but would Jones and his colleagues will do us the honour of holding one day and recognising the simplicity of the idea then our apology will not be in vain.

Let everyone who receives a wage, salary, dividend or any other form of taxable remuneration pay his share towards the local amenities, so that the local burden is distributed as fairly as the national one. The Government would then simply pass on the required percentage—4.1p on the basic rate or whatever—to local authorities two or three times a year. Nothing complicated or involving about such an arrangement, surely?

We are best reminded that our rating system is no more oppressive or inequitable than "any other taxes—local sales, payroll, poll, macking tax, or local surcharge on income tax"—but all these are geared to the ability to pay, or give the tax payer the choice of going without or economising on the item concerned. The taxpayer has no such merciful leeway.

Finally Mr. Jones delivers the ultimate horror by warning that changing this fine old medieval custom would mean that local governments would lose their free-

## Letters to the Editor

doms to vary expenditure, and their local autonomy. I can just imagine the man in the street being shattered by the prospect. Comrades, Mr. Jones! Councils and special government-municipalities will shed tears of remorseful penitence, but it makes not the least difference to the taxpayer, whether his money is squandered by the Town Hall, the County Hall, or Whitehall. All he wants is a fair and equitable system of local rates, and he is entitled to all according to their ability to pay.

Under the present outdated system the heaviest burdens fall on elderly householders for services they no longer need and for luxuries they certainly cannot afford. While most well-to-do younger citizens do not pay a penny for the local amenities they are using to the full. If the Conservatives can abolish this absurdity once and for all they will certainly have the eager support of every long-suffering ratepayer in the country.

Bernard Campion  
26 Truro Street, Guildford, Surrey, GU1 2SS.

## Mortgage funds

From Mr. C. Middleton  
Sir—I am not certain what Mr. Corstorphine (May 27) is attempting to prove. Building societies are currently paying 7 per cent on investment accounts, which is hardly 6.8 per cent higher than bank deposits, but it is 3.4 per cent higher than three-month local authority deposits. I presume he is persisting in the mistaken practice of grossing up, which is certainly not justified since many building society investors either pay no tax, or pay above the standard rate, and therefore incur a tax liability which reduces the effective yield.

Neither building societies nor investors have yet adjusted to inflation. Twenty years ago investors in societies received a net return either above or at least equal to inflation, while borrowers paid a rate of gross interest about twice the rate of inflation. To-day the net return on a building society investment is under half the inflation rate, while the borrower pays a gross rate around two-thirds the rate of inflation.

Who does Mr. Corstorphine think has done better in the intervening period, investors or borrowers? £5,000 invested in a house 20 years ago might be worth £25,000 to-day, more than adequate compensation for the decline in the pounds' purchasing power while the person who provided the funds that enabled the mortgage to be granted has seen a progressive decline in the purchasing power of his investment.

It is easy to criticise building societies, but they have a duty to their investors and borrowers. They do not have a duty to keep mortgage rates down, though the Government often gives the impression that it is trying to force such a position on societies. If potential investors ever adjust to inflation by demanding a real return on their investments, or try to protect their position by becoming overall borrowers rather than lenders, the volume of available mortgage funds will both decline and become more expensive.

There seems no reason why a borrower should obtain funds at two-thirds the rate of inflation, which in fact on Mr. Corstorphine's own calculation becomes well under half the inflation rate. Equally there

## Letters to the Editor

seems no reason why investors should accept such meagre current returns over any protracted period.

It is difficult to avoid the conclusion that the borrower is king and the investor is being taken for a ride. Financially this seems to be a fact, and it is not a criticism of societies since they merely react, perhaps somewhat belatedly, to trends. Which side would you rather be on Mr. Corstorphine, the borrowers or the lenders?

C. Roger Middleton  
267 The Dell, Sandpit Lane, St. Albans, Herts.

## Judicious State support

From Mr. D. Walker  
Sir—Try as I may I find no mention of "distributing wealth" in my letter of May 13, but I am pleased that in some way I may have given G. Schwarz (May 23) cause for making points with which I am in general accord. The call not to distribute wealth and the water analogy may not be the best ways of making these points. We all need water to drink and occasionally for washing, as we all need some wealth distribution in the form of remuneration. In economic terms, however, money is not wealth and has no value except for what it can be exchanged. Rothschild probably never had £40m. but his assets and means of wealth generation may well have been so valued.

The most important points I believe Mr. Schwarz is to be making are: (1) the means of production (that is creation of wealth) must be held by those who can use them most effectively. This demonstrably includes any state organisation; (2) optimistic claims in monetary terms must be the main objective and measure of effective units of production. This must not be mindlessly dissipated. As large a proportion as possible must be used to the creation of further wealth.

Along the road of these strategic aims we encounter things that really matter—productivity, profits, value for money, investment attitudes of development, commitment to responsibilities and effective working. We must get these right to the benefit of all the country, the experience of history and of human nature after thousands of years of development indicates the need for a market economy with judicious state support and not a state economy with insensitive uninformed state intervention by the market.

R. V. Walker  
Seymour Lodge,  
Westerfield Road,  
Suffolk.

## Pension Bonds

From Mr. J. Peacock  
Sir—The paragraph heading "Pension Bonds earn 40 per cent in 2 years" (May 21) is shockingly misleading, and until these trying to save a little capital and maintain their independence realise its full significance, we have precious little chance of getting back to financial sanity.

Pension Bonds have earned nothing, absolutely nothing, since they are the Government's fancy trick by which it has had the free use of our money for two years giving back nothing except the value it had at the time it was borrowed.

All that has happened, and this is the significant part, is that every other fixed interest security has instead lost 30 per cent of its real value. Just think of it 30 per cent in 2 years—and this applies to other sav-

## Letters to the Editor

ings too—and we meekly allow the Government to go on issuing phoney Savings Certificates and Bonds to a helpless and gullible public which goes on paying the capital profits tax on real value losses.

It is lunacy for people to try to save in such circumstances, but if there weren't such lunatics, of whom I am afraid I am one, still around, where would we be, if not trying to save us from ourselves and this rather cynical monetary dishonesty?

John R. Peacock  
The Walnuts,  
Paxford,  
Chipping Compton,  
Glos.

## Stamps sold out

From Mr. N. Holmes  
Sir—Dr. Symons (May 20) was not alone in his irritation with the Post Office over the Silver Jubilee stamp issue. The main office in Carlisle had sold out of the specially printed envelopes before lunchtime and the sub-offices had been given one to sell. I discovered that throughout the country the P.O. had seriously under-estimated demand, and as a result lost much income.

This caution would, perhaps, have been understandable but for the fact that a 9p Jubilee stamp is to be issued in month after month in specially printed envelopes, and we are told to be offered again. Therefore to have over-estimated in May would simply have resulted in a reduced reprinting in June.

I know that there are many like me who do not normally bother with the many special issues now produced, who were annoyed and frustrated on May 11. Surely the Post Office could have anticipated the demand more accurately, and thereby not dissipated, from the N. C. Holmes.  
Hawthorn Cottage,  
Great Corby, Carlisle.

## Management talent

From Mr. C. Jackson  
Sir—Over a number of years as a general management consultant and later as bank's director, I was called into many small companies which were in trouble, with consequent risk to exports and to employment.

I found that many were directed by either the father or by people who had no experience outside their industry—often not outside their one company—and with insufficient preparation for the responsibilities of the Boardroom.

On the other hand, I have met many people in large companies in the 25-45 age group, who were highly intelligent, energetic, and well versed in economics, marketing and the principles of business, and in the need for consultation, participation and co-operation. They had not yet been given director responsibilities in their own companies and felt their knowledge and skills to be under-utilised.

Would it not be possible for the Government and professional bodies like the Institute of Directors or the CBI to devise a means by which this untapped Boardroom material could be seconded part-time to non-competing small companies? This should benefit the small company and enlarge the perspectives of those seconded, making them better executives in their major employment.

Clifford Jackson  
20, Queen Street, Mayfair W.1.

## To-day's Events

**GENERAL**  
Treasury issues figures of U.K. official reserves for May.  
Confederation of British Industry publishes its discussion document, "The Future of Pay Determination."  
Negotiations on normalising relations resume in Paris between U.S. and Vietnam.  
Mr. Albert Booth, Employment Secretary, speaks in Industrial Society debate on "Industrial Democracy and Practical Participation." Civic Centre, Southend.  
Mass meeting of Heathrow maintenance engineers, postponed from yesterday, now expected to consider increased shift pay offer from British Airways.  
Paris International Air Show opens, Le Bourget airfield (until June 12).

**BALLET**  
Nureyev Festival opens, Coliseum Theatre, W.C.2, 7.30 p.m. Rudolf Nureyev and London Festival Ballet dance Romeo and Juliet.  
NSIC  
Choirs of Chapel Royal, St. George's Chapel, Windsor, and Westminster Abbey (organist Stephen Cleobury) sing Coronation music, Westminster Abbey, 1.30 p.m.  
SPORT  
Cricket: Prudential Trophy, England v. Australia, Old Trafford. Golf: Amateur championships, Ganton. Kerrygold tournament, Waterville. Midland PGA, Coxmoor; Rank Xerox PGA Scottish championships, Barton. Tennis: Manchester tournament, Beckenham tournament.

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# COMPANY NEWS + COMMENT

## Better second half for Charringtons

AFTER ONLY a marginal improvement in the first half from £1.48m. to £1.5m. pre-tax profits of Charringtons Industrial Holdings finished the year to March 31, 1977, ahead from £21.8m. to £21.7m. Sales expanded by £20m. in £17m.

With lower tax of £1.23m. compared with £1.55m. earnings are shown to be up from 4.2p to 7.8p per 25p share and the dividend is lifted from 2.8p to 3.14p net with a final of 2.86p.

The tax charge is lower than normal because the provision for deferred tax in respect of stock depreciation relief has been maintained at the 1976 level and no further transfer from the profit and loss account has been made this year.

If a full provision for deferred tax had been made earnings per share would have been 3.72p.

Company	Page	Col.	Company	Page	Col.
Bankers Investment	26	1	Helene London	27	4
Bright (John)	25	4	Hevden-Stuart Plam	26	7
Brook St. Bureau	24	4	ICL Options	26	6
BSG International	26	4	Lesney Products	25	1
Carless Capel	22	2	London Intercontinental	24	5
Charringtons Indust.	22	1	Mattinson Denny	27	1
Coats Patons	24	4	Mounview Estates	27	5
Dawson (James)	22	5	North British Steel	24	8
Dennis (James H.)	24	6	Private Patients Plan	24	5
East Midlands Allied	24	7	Reliant Motor	27	2
Glossop (W. & J.)	22	4	Sainsbury (J.)	25	2
Gough Brothers	25	4	Save & Prosper	22	3
Harcos Investment	26	2	Turnbull Scott	25	3

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## £0.6m. rise at Carless Capel

THE PREDICTED profit improvement at Carless, Capel and Leonard turns out to be from £2.39m. to £2.95m. pre-tax for the year to March 31, 1977, after £1.55m. compared with £1.21m. at half-time.

Year-end earnings per 10p share are 3.9p, against 3p adjusted for the one-for-one scrip and the net dividend of 0.48p lifts the total from 0.73p to 0.825p.

The group's properties were revalued at 31 March 31, 1977 on the basis of open market value or depreciated replacement cost, as applicable. This valuation totalled £39,630 resulting in an overall deficit of £39,787 on properties held by the company.

It has been deemed prudent not to recognise in the accounts any surplus on revaluation but to recognise the deficit of £39,787 on properties held by the company. This amount, reduced by the release of the relevant deferred tax provision for chargeable gains, now no longer required (£116,000), has been charged against reserves.

estimates by nearly £2m. with a 24 per cent. increase in pre-tax profits after the 41 per cent. increase at the half-way stage. Obviously the seasonal has had an effect for the majority of the gas condensate business was conducted during the winter months, but one point unforeseen was the profits from the new Swiss subsidiary. Fluctuations in operation a year the contribution to the pre-tax level was in the area of £100,000, and there is plenty of potential for the current year. To date Carless has concentrated on chemicals through this new venture—storage tanks and administrative offices have already been established on the continent—and soon the group is going to move into the European solvents field, having established itself with 40 per cent. of the overseas market. So further buoyant overseas sales can be expected—the proportion will steadily increase from its current 27 per cent. of sales. Growth prospects are recognised in the p.e. of 10 and yield of 2.2 per cent. at 40p.

## Save & Prosper loss on U.S. subsidiary

The extent of Save and Prosper's problems with its U.S. subsidiary, Investment Annuity Inc., shows up in the latest report and accounts from this, the largest unit trust group in the U.K.

The investment at cost of £3.53m. in Investment Annuity Inc. has been written down to £1m. and this has been set as an extraordinary item against the group pre-tax profit of £3m. for the 15-month period to end 1976. Total extraordinary items amount to £3.53m., making the net loss for the period £1.03m. against the previous year's profits of £674,000.

Investment Annuity's operating company, First Investment Annuity Company of America (FIAC), expanded its business sharply in 1976 with total

premiums rising to \$140m. against \$85m. in 1975. This inspired the company to raise its holding in the company from 41 per cent. to 52 per cent. in February 1976. But in the second half of the year the U.S. Internal Revenue Service issued a new ruling reversing the previous tax status of its best selling product. Consequently no new business has been written since the ruling.

## Glossop turns in £734,000

IN THE second half, public works contractor W. and J. Glossop increased its profit margin by streamlining its operations and introducing modern management techniques.

And in the event it almost managed to hold its first-half profit increase to give £734,706 for the year ended January 31, 1977, against £630,482.

Chairman Mr. Dugby Burnell says turnover showed a marginal increase over the year, but reduced government expenditure on road building and maintenance became more apparent in the second half, resulting in a marked effect on turnover.

While trading conditions continue to prove difficult, and despite the sensitivity to Government and climatic conditions to which the industry is subject, he continues to increase its efficiency and profitable growth.

Earnings per 25p share are shown at 2.25p (82.4p). It is stressed that they are not comparable as an deferred tax has been provided in 1976-77. The final dividend is 2.153p for a net total of 4.407p (230.65p).

Against a background of declining activity in the road surfacing sector, Glossop's full-year profits—up 16 per cent. pre-tax—only just made it. But the going would get tougher in the current year. In 1976-77 Government spending on road maintenance fell by £5m. to £191m. in 1977-78 it is expected to drop to around £182m. Last year the group was able to offset the effects of this by reducing overheads with a general slimming operation but whether there are enough benefits to make up for the volume downward this year must be doubtful. The balance sheet must still be quite strong—the 1975-76 accounts had a net cash balance of £44,000—but the shares at 49p on a p.e. of 4.3 and yield of 11.3 per cent. have little else in their favour at present.

# ISSUE NEWS AND COMMENT

## Allied Retailers £0.9m. rights offer

Allied Retailers has entered into a conditional agreement to purchase four properties which it rents from Greenhill Securities for £55,000. Allied intends to fund this purchase principally through a rights issue on the basis of one-for-ten at 110p per share, which will raise £700,000.

Mr. H. Plotnik and Mr. L. P. Fisher, directors of Allied are also directors and shareholders of Greenhill. For shareholders the acquisition of Greenhill is subject to shareholders approval at an EGM on June 30.

The Board of Allied are forecasting that after transferring £800,000 to unutilised gross profit reserve, the profit for the year to April 2, 1977, will be approximately £2.95m. (£3.2m.) Treasury consent has been obtained to pay a final dividend of 9.23p gross per share making a total of 12p, or 5.8p net on the current rate of tax.

It is expected that dealings will start on June 31. The issue is underwritten by Singer and Friedlander and brokers are J. and A. Scrimgeour and Chambers and Remington.

# DIVIDENDS ANNOUNCED

Company	Current payment	Date	Corre. spending	Total for year	Total for year
Alford	5.28	July 14	4.75	7.2	6.73
Bankers' Inv. Trst.	0.8	Aug. 31	1.10	2.3	2.2
John Bright Group	1.47	July 14	1.25	2.42	2.2
Carlisle	3.01	Aug. 30	1.20	1.25	1.25
Charringtons Ind.	0.49	July 25	0.45*	0.83	0.73*
Clydesdale (Transvaal)	2.15	July 20	1.86	3.13	2.86
East Midlands Allied	2.51	Aug. 19	4	12	8
James R. Dennis	1.26	July 21	1.17	4.87	4.42
W. & J. Glossop	2.15	July 21	1.26	3.44	3.06
Greenland Exp.	1.52	July 25	1.54	2.88	2.6
Home Prop. London	1.25	July 25	1	1.25	1.21
Inch Kenneth Kelang	1.83	Aug. 4	0.88	2.28	1.61
Jersey Inv.	1.3	Aug. 4	1.6	1.6	1.61
Mounview Estates	0.73	Aug. 12	0.74	1.2	1.09
Petaling Tin	17.58	June 28	—	—	12.5
Sterling Trust	1.7	Aug. 1	1.4	—	4.65
Stirling Gold	1.11	Aug. 3	—	—	2.2
Trans-Natal Coal	101	Aug. 19	5	17	9.5
Turnbull Scott	5.12	June 29	5.13	9.12	9.72
West Rand Consol.	3	Aug. 5	—	—	10

## Albert Martin £0.5m.

Textile group Albert Martin (£528,000) is proposing to raise £500,000 by way of a two-for-seven rights issue at 80p per 20p share. This will involve the issue of 1.45m. shares.

The issue is intended in the absence of unforeseen circumstances to recommend dividends for the current year ending December 1977 of 3.44p net, an increase of 2p per share. Treasury permission has been obtained.

The issue has been underwritten by Lazard Brothers.

Since 1972 Albert Martin has spent some £2.2m. on new factory space, improvements to existing buildings and new plant. This expenditure has been financed by internal cash flow and bank overdraft.

In order to maintain the company's growth the directors consider that a broader equity base is desirable, as it would offer increased flexibility when considering further capital expenditure and possible acquisitions.

The chairman in his last report stated that the current year had started well and that the present outlook was one of further growth, both at home and overseas. He now states that there is no reason to change this view.

Dealings in the new shares are expected to start on Friday, June 3. Brokers to the issue are Rowe and Pitman, Hurst-Brown.

## Fluidrive's 1-for-4

Fluidrive Engineering is raising £227,000 by a rights issue of 1.1 million shares at 20p per share, one-for-four at 48p per share. Proceeds of the issue will be used to finance new machinery and product development.

The full valuation of current use shown turnover of £37.2m. (£31.1m.) and an increase in pre-tax profits from £381,000 to £433,000. In the year to September 1976, Fluidrive made pre-tax profits of £797,000 on sales of £53.3m. The interim dividend is lifted from 0.7875p per share to 0.87p.

It is the Board's intention to pay a final dividend of 2.3935p net making a total of 3.2805p for the current year. This represents an increase of 26.1 per cent. over the previous year, for which Treasury approval has been obtained.

In the current year Allen Bennett, a Sheffield based company making variable speed drives, has been acquired at a total cost including the injection of necessary working capital of approximately £200,000. In addition the Board anticipates spending around £400,000 on the purchase of new equipment, and that there will be increased expenditure on product development, which last year cost £46,000.

The raising of capital will enable the prospectus of the profits growth in recent years to be maintained.

## Siemens 1-for-5

Siemens Hunter is proposing to raise £222,000 by way of a one-for-five rights issue at 25p each. The proceeds of the issue will be used to expand the existing operations as well as pursue the company's policy of investing further in the areas of education and leisure publishing.

This expansion will take the form of additions to the present product range as well as investments in other businesses.

It is the company's intention to pay an increased dividend for the current year ending December 1977, of 2.75p net, an increase of 28.7 per cent. Treasury consent has been obtained.

On the current year's trading the Board states that the first quarter shows a satisfactory improvement over the corresponding period. The directors view the future with optimism.

The issue is underwritten by Close Brothers, brokers and Laurie Milbank. Dealings start on June 3.

## Watts Blake Bearn

The rights issue to raise £1m. by Watts Blake Bearn has been taken up as to 94.2 per cent. of the issue. The balance has been held in escrow.

The share structure is also being altered, every four "A" ordinary 25p shares are being converted into five new "B" shares which will be made for less than £1.

## SAVE & PROSPER (JERSEY) COMMODITY FUND LIMITED

NOTICE IS HEREBY GIVEN that the first Annual General Meeting of Save & Prosper (Jersey) Commodity Fund Limited will be held in Jersey at 12 noon on 3rd June 1977. Subject to the passing of a Special Resolution at the Annual General Meeting, an Extraordinary General Meeting will be held at 12 noon on 20th June 1977. Both Meetings to be held at the Chamber of Commerce 19 Royal Square, St. Helier, Jersey, Channel Islands.

By Order of the Board,  
Save & Prosper (Jersey) Limited  
Secretaries.

	1976	1975
Group turnover	FF 000's	FF 000's
	6,007,913	5,336,334
Total profit before taxation	429,275	332,627
Total profit after taxation	285,103	187,870

	1976	1975
Profit after taxation and before extraordinary items, attributable to members of the Company	184,098	130,458
Extraordinary items	(14,505)	5,838
Profit after taxation and extraordinary items, attributable to members of the Company	169,593	136,296
Cash flow	618,835	566,554
Earnings per share before extraordinary items	FF 39.59	FF 28.06
Earnings per share after extraordinary items	FF 36.47	FF 29.31
Dividend per share	FF 11.18	FF 10.50
Tax credit	FF 5.59	FF 5.26
Total dividend	FF 16.77	FF 16.75

## Salient points from the Report to Shareholders

- At FF 184.0 million, profits have increased by about 41% over 1975. This is principally due to:
  - the high level of activity of the Overseas operating group,
  - a much improved contribution for the cement operating group in France,
  - the large improvement of the operating groups: Sanitaryware, Packaging and Development and Diversification, which had shown losses of 22.5 million francs in 1975.
- The cash flow for the year (618.8 million francs) is 9.4% above 1975 (566.5 million francs).
- According to the anti-inflation guidelines of the French Government, the progression of the dividend - to be proposed to the annual shareholders' meeting - will be limited to 6.5% over 1975.
- For 1977, profits are expected in all the sectors of activity of the Group, falling any unforeseeable adverse circumstances.

Certain information required by The Stock Exchange to be made available may be inspected during usual business hours up to and including 23rd June, 1977, at the offices of Kleinwort Benson Limited, 34 Lime Street, London EC3M 7LX, from whom copies of the full Annual Report (both in English and French) may be obtained.

Lafarge 28, rue Emile Meilard, Paris-16e. Tel: 727 87-89. Telex: 62804 F.

Company	Turnover	Pre-tax profit	Dividend
Sedgwick	1975-76	1975-76	1975-76
Forbes	1975-76	1975-76	1975-76

comment

The cold winter, especially in the North, gave a lift to the vital last quarter results of Charringtons. Profits from the fuel divisions, which had been well down after nine months, recovered completely and their total contribution for the year is barely changed. Meanwhile the other activities improved their performance, especially the wool production side which benefited from the higher prices. However, the group still has a long way to go before it is regarded as anything other than a steady income producer. And after a fairly good run, the shares at 43 1/2p have limited potential. The yield of 11.2 per cent. is covered 2.3 times by stated earnings or 1.8 times over a full tax charge.

comment

Carless Capel has topped outside

comment

comment

By Order of the Joint Receivers of Brentford Nylons Ltd.  
K. R. Cork, Esq., F.C.A. and J. D. Naylor, Esq., F.C.A.

# BRENTFORD TOWER

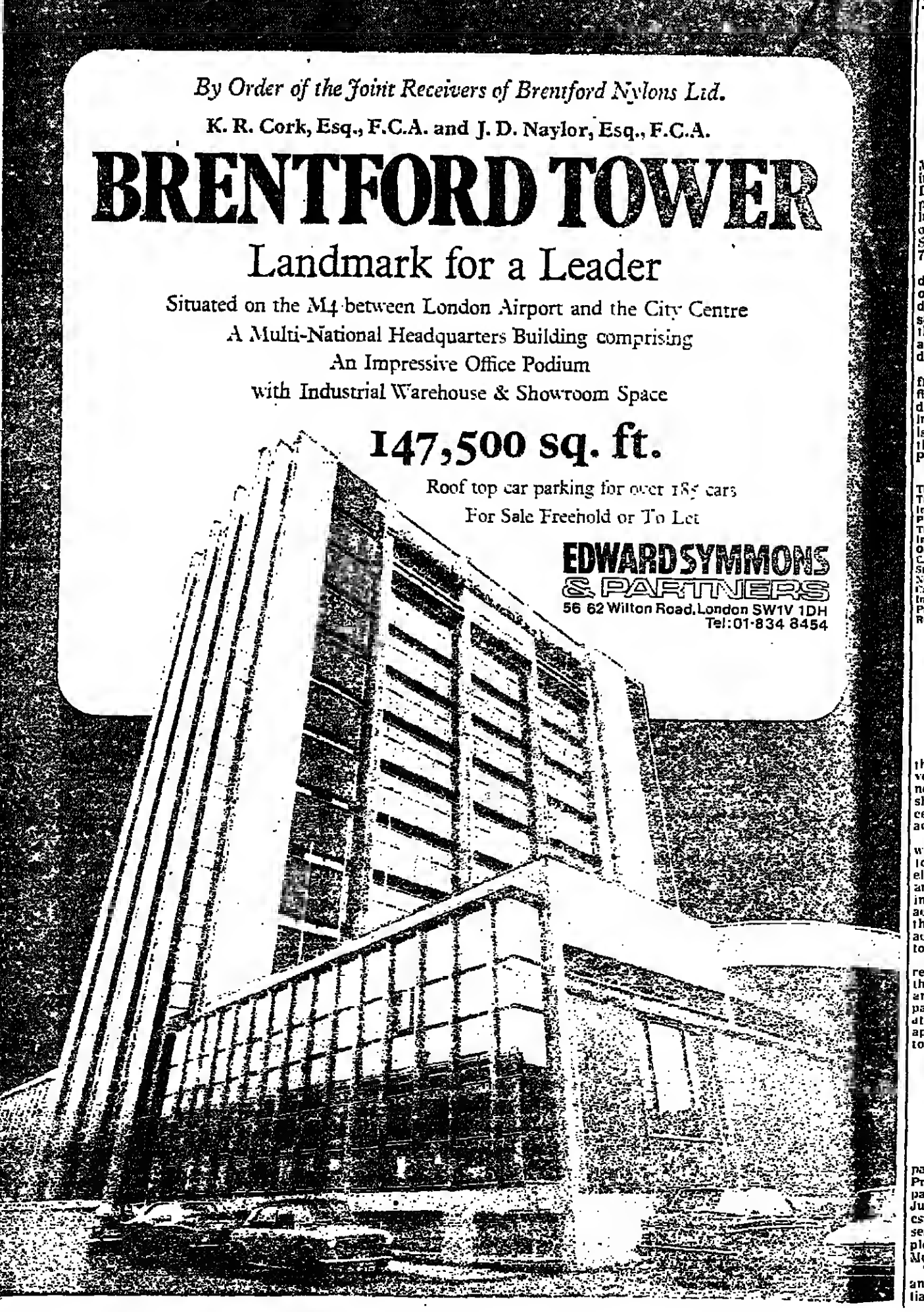
Landmark for a Leader

Situated on the M4 between London Airport and the City Centre  
A Multi-National Headquarters Building comprising  
An Impressive Office Podium  
with Industrial Warehouse & Showroom Space

## 147,500 sq. ft.

Roof top car parking for over 185 cars  
For Sale Freehold or To Let

**EDWARD SYMONS & PARTNERS**  
56 62 Wilton Road, London SW1V 1DH  
Tel: 01-834 8454



## Jas. Dawson latter half uplift

MANUFACTURERS of belting for industry and agriculture, James Dawson & Son, lifted pre-tax profits from £470,250 to £629,538 in the year ended March 31, 1977, on sales of £3.11m. against £2.74m. Stated earnings rose from 3.81p to 7.7p per 25p share.

Dividends when profits were down from £275,815 to £197,145 on sales of £1.42m. (£1.40m.), the directors said that second-half sales would be considerably higher in the same period of 1975-76 and forecast maintenance of the dividend.

In the event the total is raised from 4.22p to 4.87p net with a final payment of 3.622p. The dividend will be paid on capital increased by the one-for-ten scrip issue made as compensation for the enfranchisement of the Preferred Ordinary capital.

Turnover	1976-77	1975-76
Trading profit	546,417	2,74,849
Investment income	348,135	319,321
Profit before tax	894,552	594,170
Taxation	265,014	164,632
Profit after tax	629,538	429,538
Dividend	25,000	25,000
Retained profit	604,538	404,538
Capital allowances	16,900	12,000
Carriage	22,000	25,000
Net profit	316,738	294,180
Capital reserve, costs	15,434	50,000
Proposed final dividend	146,111	125,500
Reserves	99,193	27,200

## First Talisman capital reconstruction

It is proposed to reconstruct the capital of First Talisman Investment Trust by reducing the nominal amount of each Ordinary share from 25p to 5p and by cancelling the share premium account.

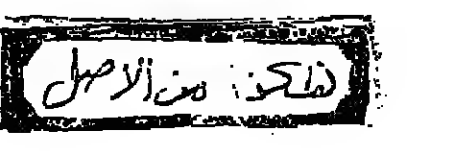
This will release £1,382,716 of which £14,248 will be transferred to revenue account thereby eliminating the adverse balance, and the remainder to losses on investment and currency transactions account, thereby reducing the balance as shown in the accounts for 1976 from £1,383,033 to £18,586.

The Board considers that the reconstruction will better enable the company to raise the capital and pay dividends. Subject to the passing of appropriate resolution at an EGM on June 20, Court approval should be received towards the end of July.

## BICC forms services company

BICC has formed a new company to be known as BICC Prescot Industries. The new company, which began trading on June 1, 1977, will take over the established activities of the services division at the BICC complex of factories at Prescot, Merseyside.

The new company will promote and extend its special potential in sub-contracting in





Coats Patons

# Coats Patons earns doubled profits on world sales 26% higher



"...the level of profits achieved in the second half of 1976 should be sustained throughout 1977"

Mr. W. R. Henry

The following is the Review of the Chairman, Mr. W. R. Henry, circulated with the Report and Accounts of Coats Patons Limited, for the year ended 31st December 1976.

### BOARD CHANGE

At the end of last year Mr. R. G. Laidlaw retired from the Board, whilst continuing in his executive appointments in U.S.A., which have been extended to cover supervision of the Company's Canadian interests.

### STAFF

Your Company has employees in 30 countries, and the majority are citizens of countries other than the United Kingdom. We are therefore a foreign employer to most of our employees and this sometimes creates special and personal problems: these can only be overcome with understanding and goodwill on all sides which, in large measure I am proud to say, exist. The results which are recorded in the Accounts reflect this and are a tribute to the individual and combined efforts of all our employees, both at home and abroad. On your behalf I thank them for the way in which they have made such a substantial contribution towards the successful results of 1976 and, as far as external circumstances allow, towards firmly securing the Company's future.

### THE BUSINESS YEAR

1976 saw the continuation of the recovery of world trade as affected by your Company, which started in the second half of 1975. In volume terms it was modest, and indeed, in respect of the major product group - thread - still left us some 10% behind our 1973 peak. Fortunately it was possible to improve trading margins almost everywhere, which is vital to the future prosperity of the Company particularly under inflationary conditions.

The 1976 cash flow - eliminating exchange difference, shows that the Company generated sufficient cash to provide £39,361,000 to meet the effect of inflation in working capital, £23,805,000 for fixed capital investment including acquisitions and, having reduced volume inventories by £5,459,000 through more efficient stock turnover, to meet the dividend with a residual surplus of £978,000.

At 31st December 1976 the Debt/Equity ratio was 1 to 4, which is a healthy situation, and enables us to finance further recovery in world trade and to seek viable growth wherever available.

The acquisitions referred to were the purchase by Coats & Clark Inc. U.S.A. of C. J. Bates & Son Inc. for £4,708,000, and the purchase of shares from Italian minority interests at a cost of £613,000. C. J. Bates is one of the leading manufacturers of knitting needles, crocheting hooks and knitting accessories in the U.S.A. We thus acquire a stake in a growing market and a base from which to expand into other hard haberdashery products and high quality yarns where our present position is weak.

Capital expenditure on fixed assets rose by some 50% over 1975 and will continue to rise for some time to come, with a strong element of expansion, particularly abroad. U.K. capital expenditure covers expansion and replacement for increased productivity which is essential if the U.K. textile industry is to survive as it must and will.

### SALES AND PROFITS

An analysis of the movement in world sales between 1975 and 1976 is as follows:-

1975 Sales	£497,096,000
Add increase in volume	43,762,000
	540,858,000
Add price increases	51,695,000
	592,553,000
Add exchange gain	32,525,000
1976 Sales	£615,078,000

World volume increased on average by 9%, selling prices by 10% and, with an exchange gain arising from the weakness of Sterling, boosted sales by 28% and contributed to the significant improvement in profits and trading margins.

### TRADING PROFITS

Trading profits rose by £33,818,000, or 75% to £78,076,000, including an exchange gain of £4,400,000. Margins improved from 9.1% to 12.7%.

### PRE-TAX PROFITS

At £76,426,000, pre-tax profits more than doubled. The net interest charge dropped by £2,757,000 due to improved liquidity and to a lower average rate of interest paid of 8.1% as against 9.5% in 1975. The exceptionally large increase in profits of associated companies is almost entirely due to the profit of £1,313,000 produced in India as opposed to a loss of £450,000 in 1975.

### TAXATION

The reflected rate of tax was a modest 42.8%. The improvement in U.K. profits enabled us to obtain tax relief from capital allowances and stock relief totalling £4,932,000, compared with a claw-back of stock relief of £1,751,000 in 1975. No provision is required for Advance Corporation Tax not immediately recoverable.

### EARNINGS FOR ORDINARY SHAREHOLDERS

At £37,938,000, earnings were almost double those for 1975 after extraordinary losses of £629,000 (1975 gain £522,000). The extraordinary loss of £629,000 comprises terminal charges on the cessation of industrial yarn production at Darlington, offset by a further gain on the liquidation of Coats Patons (Retail) Limited.

### DIVIDEND

The recommended final dividend of 1.8778p per share, together with the interim of 1.0369p already paid, is the maximum permitted. The final dividend, plus tax credit at 35/100ths, amounts to 2.8889p per share. If the rate of tax credit for 1977/78 is reduced, a further distribution is recommended of such sum as is necessary to maintain the final dividend at 2.8889p per share, including tax credit.

Application was made to the Treasury for exemption from dividend controls, but we have been officially advised that it cannot be granted because we do not fulfil the necessary conditions.

### HOME ACTIVITIES

Trading profits in the U.K., including exports, more than doubled but accounted for only 15% of the global increase in profits.

### J. & P. COATS, LIMITED DIVISION

Profits increased by 18%, within which total thread profits were static while thread volume fell by 2% owing to the level of imported garments sold in the market. Fortunately there was no encouraging upswing in thread demand in the fourth quarter which has continued into the first quarter of 1977. Needle industries showed a substantial increase in profit from sewing and surgical needles for the second year running, fully justifying our investment programme. William Briggs' tapestry and embroidery packs consolidated the significant increase in profits achieved in 1975. Nottingham Handcraft, which supplies schools and hospitals, produced improved profits. The profits of Dynacast U.K., which markets diecast products, also increased significantly.

### YARNS AND FABRICS DIVISION

1976 saw a dramatic improvement of almost £2,000,000 in industrial yarn profits compared with 1975, due to a market recovery fully exploited by Burnleys, and to the rationalisation of Patons' industrial yarn activities. Production of these yarns at Darlington ceased during the year, with attendant terminal losses.

In Fabrics, the overall situation did not improve, but opportunity was taken to complete the reorganisation of West Riding fabrics which should benefit future results. Fortunately Murgatroyd continued to make satisfactory profits in woven worsted cloth, Heydenmann Shaw, merchants in tops, yarns and fabrics, produced an increased profit.

### GARMENTS DIVISION

Jaeger had an excellent year, with turnover up by 25% and profits by 90%. The U.K. retail side was particularly buoyant, aided by the significant purchases made by tourists. Exports continue to grow satisfactorily particularly in North America, which is our main target area. Laird-Porter, which specialises in tartans for which the demand is growing, achieved very satisfactory results. Country Casuals is establishing its place in the market, and expansion took place during the year on a shop-in-shop basis. More outlets are planned which will naturally incur considerable initial expense. Children's wear is recovering from the very severe conditions encountered in 1975 and the trend shown by the second half's results is encouraging. In knitwear, the companies producing fully fashioned garments which are currently in vogue increased sales by 20% and profits were more than doubled. Cut and sewn knitwear activities were disrupted by a major reorganisation carried out during the year.

### HAND KNITTINGS DIVISION

Hand-knitting profits improved by 20% on a volume increase of 6%, signifying a considerable improvement in margins.

### FOREIGN ACTIVITIES

Our foreign trade is still largely conducted by J. & P. Coats, Limited Division. At trading profit level, foreign profits increased by £28,473,000, or 74%, on a volume increase of some 8% in sewing thread, 5% in handcraft threads, 8% in fasteners. Hand-knitting volume was virtually unchanged.

In Europe, sales volume rose by 14% and profits by 76%, the highlight being the recovery in Italy, with sales volume up by 31% and profits more than doubled from an admittedly poor base. Spain and Portugal recovered very well against uncertain political backgrounds, and Turkey maintained its satisfactory progress and justified our investment plans for expansion. Germany, where the virtually static volume concerns us, managed to improve margins.

In Latin America, Brazil which had capacity problems in 1976, now being taken care of, continued to make excellent progress. It is a country of unlimited potential which is rapidly being developed, and we shall continue to play our part in its expansion. Argentina and Chile increased sales and profitability satisfactorily. Venezuela, hampered by capacity problems, failed to obtain suitable price increases and profits fell substantially.

Conditions in India improved dramatically, as already mentioned. Overall, volume and sales value in the Far East were up 16% and 49% respectively in 1976.

In Australia, recovery from the 1974 crisis continued during 1976 and profits returned to pre-crisis level. Government's future attitude to the textile industry is the key to our prosperity there and a policy report is expected later in the year on the subject of textile imports.

Compared with the poor results of 1975, U.S. profits were virtually trebled on dollar sales up by 10%. Domestic sales in all trades were relatively weak but margins held up. Industrial threads and fasteners improved in volume and margins. Diecasting showed particularly strong growth in sales and profits, although this is still a relatively small part of the total business.

Canada could only maintain 1975 volume in sewings but improved substantially in handcrafts. Hand-knitting profits were maintained at satisfactory levels and total profits advanced by about a third, which - given an unhealthy economic climate - was a good performance. Thread sales in South Africa showed a modest growth in volume and a reasonable increase in profits was achieved. Patons & Baldwins (South Africa) improved only to the extent that the 1975 loss was eliminated.

### INFLATION ACCOUNTING

Excluding depreciation, the cost of sales adjustment on the Sandilands formula would reduce trading profits to £53,507,000.

### MATTERS OF GENERAL CONCERN

#### U.K. INDUSTRIAL RELATIONS

The Bullock Report has already served the only useful function available to it. While the proposals it contains are entirely academic in concept and betray complete ignorance of how companies in the private sector function, its publication will lead Boards of Directors everywhere to consider whether

fundamental changes in the relationship of management to staff and workers may be necessary. Indeed, reflection on the United Kingdom's failure, in general, to keep pace with our export competitors should have made the commissioning of the report unnecessary, as poor industrial relations in certain industries have been one of the main factors affecting the country's performance.

Group industrial relations policy was under review well in advance of the Bullock Report and concentrates on employee involvement where it matters - at the place of work - and not at parent board level where, in a multi-national company, there are obvious problems. We are proceeding at a pace appropriate to the state of development existing in each location.

#### CONTROL OF REMUNERATION AND PRICES

In the U.K., where low basic wages are the norm, where overtime is excessive to compensate for low wages, where over-manning is prevalent, and where investment in new plant is consequently inadequate, wage controls are surely misguided. They are intended to control inflation but have so far shown little evidence of being effective - certainly not in achieving rates of inflation as low as our main competitors. They have reduced differentials to a dangerous degree, as witness the unrest and resentment recently shown by skilled personnel in widely different industries. Since low productivity and, until recently, profligate monetary policies, and not high wages, are the chief cause of our country's severe inflation, surely increases in pay should now be related to a gradual reinstatement of differentials and to real productivity. I am not as apprehensive as many people appear to be that the absence of a Phase 3 would lead to a wages explosion, since I agree with Mr. Clive Jenkins that the majority of firms could not afford to meet demands for unrealistic wage increases without jeopardising their future and that of their employees. As I visit our companies in the U.K. and talk to management, I am conscious that we have many able and energetic people who, thanks to controls and taxation, have made disproportionate sacrifices for the common good. Equally disturbing is the problem we have of transferring people to the U.K. from abroad on promotion which, when accepted, actually reduces their standard of living.

As regards price controls, the textile industry has had a rough ride in the recent past and only from additional profit sensibly taxed can come the funds to modernise, which is essential to compete efficiently here and abroad.

#### SCOTTISH DEVOLUTION

The debate on Scottish devolution has generated a great deal more heat than light, and it is noteworthy that obsession with the problem is largely confined to politicians and professional commentators. The real danger is that ill-considered change may greatly affect business. Devolution as a principle may be acceptable and may even be desirable; its inexplicable evasion with a directly-elected assembly is the reverse. Although the creation of such an assembly for Scotland would have little direct significance to the profitability of the Company, I share the widespread view of business in Scotland that it must be opposed as a public duty in the community interest, and for the reasons which others have already expressed. In addition, one can view with little relish the prospect of another tax-raising bureaucracy being created especially for Scotland. We do not need separation to become the Scottish company which we are already recognised to be throughout the world and which we intend to remain.

#### PROSPECTS

As regards immediate prospects, world thread sales for the first quarter are 13% up on the same period. Despite this, signs of further recovery in world trade are not yet convincing, and indeed sales in Western Europe are currently below 1976 levels. U.K. thread sales, however, are up both in volume and value. Activity in Yarns and Fabrics Division is currently up on last year but the forward order position is lower than we would like. In Garments Division fully fashioned knitwear is booked out until the end of the year and sales are up to expectation.

In garments, sales are generally above last year's levels, with the exception of children's wear, where production problems exist at the moment. Hand-knittings are showing a considerable improvement on last year. There is a strong possibility that the negotiations taking place on the Multi-Fibre Agreement will produce modifications to alleviate some of the damage done to the U.K. textile industry by cheap imports, with a consequent increase in future profits.

Our latest estimates suggest that the level of profits achieved in the second half of 1976 should be sustained throughout 1977.

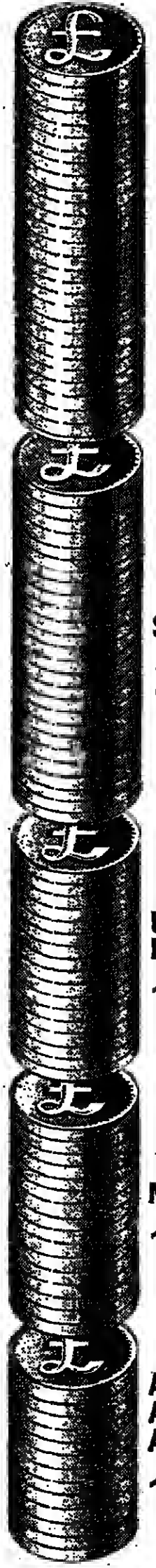
Looking further ahead, considerable capital expenditure is planned both for expansion of capacity and for increased productivity in the U.K. Potential growth in Jaeger is considerable and certain important overseas markets have not yet been fully penetrated. Some £12,000,000 of capital expenditure will be incurred over a relatively short period to meet estimated future demand. Knitwear Group will receive some £6,000,000 over a period for modernisation and expansion. Considerable sums have been expended on the rationalisation of acrylic industrial yarn production, which is already paying off. Additionally, capital expenditure in Yarns and Fabrics Division will be almost £2,000,000 in 1977 and could remain at a high level for some time to come.

In thread, capital expenditure in 1977 could be £20,000,000, in which figure markets with growth potential like Brazil and Turkey feature largely. J. & P. Coats, Limited Division continues to seek sales growth by, among other avenues, the extension of its range of haberdashery products, and in this connection has taken a minority holding in William Prym-Werke K.G. of Stolberg, West Germany, a leading manufacturer of metal haberdashery.

There are several interesting developments currently under research in our laboratories geared to the production of new, improved synthetic threads, and others aimed at diversification of our interests. We are also investigating the possibility of expanding our worldwide interests as merchants and a new company, West Riding Textile Trading Co., Ltd., was recently formed for the purpose.

In general, therefore, we look forward to the future with increased confidence.

Where the profits came from....



EUROPE 28.3%

S. AMERICA 25.9%

UNITED KINGDOM 16.9%

N. AMERICA 15.9%

ASIA AFRICA AUSTRALIA 13.0%

### GROUP RESULTS FOR 1976

	1976 £'000	1975 £'000	1974 £'000
Turnover	615,078	487,096	448,210
Assets employed	356,175	302,019	281,240
Profit before tax and loan interest	80,188	41,305	51,456
Profit earned for Ordinary shareholders before extraordinary items	38,567	19,154	24,572
Earnings per share	13.8p	6.9p	8.9p
Ordinary dividend including income tax/credit	4.49p	4.08p	1.34p

Coats Patons are the world's biggest threadmakers and leading producers of synthetic and spun yarns, operating 154 manufacturing units in 30 countries and employing over 70,000 people.

In the U.K. alone we are behind such famous names as Jaeger, Country Casuals, Dombros, Byford, Driver, Dalkeith, Ladybird, Chilgrufe and BabyChic. We are in general textiles with West Riding Worsted and Woolen Mills and John Heathcoat. Our other products include diecastings and mouldings.



COMPAGNIE FINANCIERE DE SUEZ

The Annual General Meeting of the Suez Canal Company... The following is a translation of the Chairman's report...

Share prices in no way reflect the position of companies... The economic problems with which they are faced...

On the first point, it is obvious that if we want an active and prosperous stock market...

Our consolidated accounts for 1976, which despite practical difficulties, I shall try to give you the main items, are favourable...

A balance sheet total of 112.5 billion francs against 96.6 billion francs in 1975...

Consolidated net income before security transactions of 381 million francs against 311 million francs in 1975...

Per share, consolidated net income before security transactions amounts to F 4.5 and total net income F 5.5...

The very enormity of the consequences of such a programme makes it barely credible and in my opinion...

For the first few months of 1977, on average, comparable to those of the first quarter of 1976...

Despite the operating difficulties caused by credit restrictions and the behaviour of interest rates...

For La Méditerranée and Saint-Gobain Pont-à-Mousson, as well as for several of our other industrial subsidiaries...

The healthy position of our Group is evidence of vigour which is all the greater when the economic conditions in which we are working do not facilitate the conduct of our business...

The western world, and not only France, has not emerged from the state of shock occasioned by the five-fold rise in the price of oil...

This rise in the price of energy made inflationary pressures intolerable and everywhere necessitated anti-inflationary plans which were all the more severe the longer they were deferred...

The BARRE plan involves limited and temporary sacrifices which are reflected by a year's postponement in the growth of purchasing power...

There is no doubt that if this plan fails, it will be replaced one day by another one involving quite a large cut in this purchasing power for a longer period...

The economic problem, therefore, is not only a national one, but a world one... I expect that you are ready to ask me numerous questions...

France—despite the lack of a strong social consensus, which makes any plan of action difficult—is in a good position in the world of industrial nations...

Apart from fears one may enter the recession with weak bays of the degree of harm it financial structure could be the only thing I can say is that French companies are emerging from this crisis in a weaker financial position than their foreign competitors...

It is unnecessary, I think, to dwell on this. It is unnecessary, I think, to dwell on this.

Plans for more capacity at Coats Patons

Plans for expansion of capacity and for increased productivity in the Coats Patons group...

He tells members in his annual statement that potential growth in Jaeger is considerable and certain overseas markets have not yet been fully penetrated...

Some £12m of capital expenditure will be incurred over a relatively short period to meet estimated future demand...

Considerable sums have been expended on the rationalisation of the Coats Patons group...

In thread capital expenditure in 1977 could be £20m, in which Brazil and Turkey feature largely...

At December 31, 1976, capital commitments amounted to £12.7m, of which £2.9m (23 per cent) has been authorised but not contracted for...

As regards immediate prospects, the chairman reports that world thread sales for the first quarter of 1977 are 13 per cent up...

On May 2, 1977, the Prudential Assurance Company held a 56th Annual Meeting, Glasgow, June 24, noon. Statement, Page 23

London Inter-continental deficit

In the half year to March 31, 1977, London Inter-continental Trust incurred a loss of £923...

There is no tax. Last year there was a first half profit of £431,000 but this was nullified by a tax of £150,000...

The accumulated losses on the parent company's investments at March 31, 1977, amounted to £304,889 (£508,996 at September 30, 1976 and £388,313 at March 31, 1976)...

The provision for the anticipated loss of the deficit of £431,000, Butler, Priest and Co. has been maintained at £175,453...

There are several interesting developments currently under research in the laboratories geared to the production of new, improved synthetic threads...

As reported May 20, pre-tax profit for 1976 increased from £27m to £27.43m, exceeding the forecast by more than £12m...

In 1976, such flow, eliminating exchange differences, shows that the company generated sufficient cash to provide £29.36m to meet the effect of inflation in working capital...

Good start by Brook St. Bureau

After a demanding and exciting year, the early months of 1977 have started well for Brook Street Bureau of Mayfair...

Turnover and profits are in advance of those for the same period of 1976 and there are elements pointing to a sustained national recovery...

In the U.S., stringent economies including the closing of the San Francisco branch coupled with substantially increased volumes of business in New York...

In Australia the severe losses experienced early in 1976 have markedly abated but the directors are confident that a return to significant profitability is in the similar period of 1976, Mr. Hurst says...

MONEY MARKET Interest rates easier

Bank of England Minimum Lending Rate 8 per cent (since May 13, 1977) Day-to-day credit was in good supply yesterday and the authorities did not intervene...

Fixed period interest rates were generally easier in the London market yesterday, with the one-month sterling certificate yield falling to 7.7-7.8 per cent from 7.7-7.8 per cent...

Although trading conditions were difficult during the first few months a sustained recovery became apparent by May and continued into the second half-year...

Bank balances and cash showed a decrease of £337,258 against an increase of £283,919 in 1976. Meeting, Winchester House, on June 27 at 11 a.m.

Table with columns: Starting Certificate, Interbank, Local Authority, Local Auth, Fixed Deposit, Company deposits, Discount, Treasury bills, Bills, Plus Trade

Local authorities and finance houses seven days' notice, others seven days' notice... Average tender rates of seven days' notice 4 per cent...

Best-ever £1m. from EMAP

ALL four divisions at East Midland Allied Press have contributed to a 47 per cent increase in pre-tax profit to £1,071m...

And the directors report that in the first two months of the current year there has been a continuing improvement in profitability...

Each of the newspaper companies, with the exception of Kettering, recorded improved profit levels in 1976-77...

At Kettering, also, the strike by journalists, which ended last month, resulted in a loss of revenue. It was necessary to reduce the price of the Evening Telegraph...

The national publications remained buoyant and a new monthly publication Motor Cycle Racing was launched...

Profits of nearly twice last year's level were achieved by both the contract printing and retail divisions...

Stated earnings are 4.5p per share (6.1p) and the net dividend is 2.55p (2.6p) with a 1.6:1 final...

The accounting policy relating to deferred tax has been changed. Had the same accounting policy been adopted...

North British Steel Group

Sales of North British Steel Group (Holdings) were up 54.1m to £478m for the 26 weeks to April 9, 1977...

Profits of nearly twice last year's level were achieved by both the contract printing and retail divisions...

Stated earnings are 4.5p per share (6.1p) and the net dividend is 2.55p (2.6p) with a 1.6:1 final...

Sanderson Kayser

A Sheffield based special steel manufacturing company, operating through a Steel Division, a Finished Products Division and a newly formed Warehouse Division...

The improvement in both orders and sales in the first quarter of this year has continued and represents a degree of recovery in real terms...

Table with columns: Ball year, 1976-77, 1975-76, 1974-75

Copies of the Annual Report and Chairman's Statement can be obtained from the Secretary, P.O. Box 1, Newhall Road, Claxfield SS23 2DQ.

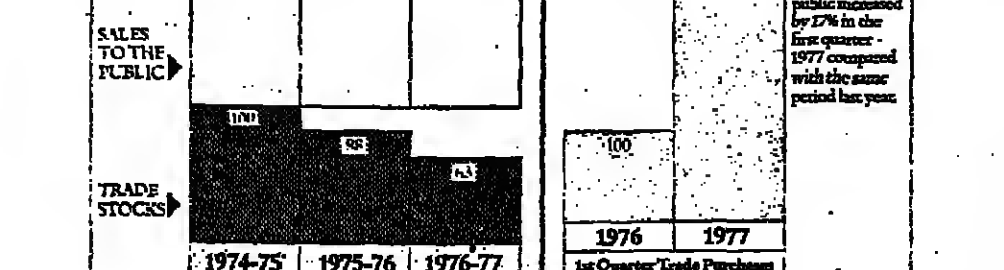
Dreamland Group Annual Report 1976

- \* A record level of consumer sales but severe de-stocking by trade reduces turnover and short-term profitability. \* Reorganisation of export distribution under way. \* Prospects good for 1977.

Table with columns: RESULTS, 1976, 1975

Home Sales: Adverse economic conditions caused wholesalers to reduce stockholdings but sales in the first quarter of 1977 reached a new high...

Consumer purchases of Dreamland underblankets and Monogram all night overblankets increased substantially. It is particularly encouraging to note above average growth for the premium models.



Alarmline fire detection systems, a totally new concept in the industrial market have now been fully accepted by the Central Electricity Generating Board...

Export Sales: Distribution weaknesses in Holland and South Africa, our principal export markets, had immediate and severe effects on our electric blanket turnover and profit...

Production: Centralised production at Hythe is now almost complete. We now have some of the world's most advanced plant and equipment operating with progressive efficiency...

Future Prospects: Our management and technical resources are second to none. Plans have been put into effect for continued growth and improved profitability...

Dreamland Group DREAMLAND-MONOGRAM-ALARMLINE Dreamland Electrical Appliances Ltd, Elythe, Southampton SO4 6YE.

European Ferries

Annual General Meeting - 1 June 1977 Year to 31.12.76 Year to 31.12.75

Table with columns: Group Operating Profit, Exceptional Profit, Profit after Tax before Extraordinary Items, Profit after Tax, Extraordinary Items, Total Dividend per share

Points from Chairman's Statement 1976 once again produced an increase in tourist and freight carriages on all routes compared with the previous year...

The new Portsmouth/Le Havre route started in May and extends the excellent choice of Townsend Thoresen routes for UK and Continental customer requirements...

The ports of Lame and Falstone produced extremely worthwhile contributions and it is anticipated that future results will more than justify the acquisition...

For the Report and Accounts, details of all Townsend Thoresen services and the Shareholders' Concessional Fare Scheme, write to the Secretary, European Ferries Limited, Trafalgar House 11, Waterloo Place, London SW1Y 4AS.

Harcros Investment Trust Limited

Issued Capital £1,901,426 in 10p stock units Secretaries: Harrisons & Crosfield, Limited

Table with columns: Gross Revenue, Earnings per unit, Dividend per unit, Net assets, Net asset value per unit

Annual General Meeting at the Registered Office, 1-4 Great Tower Street, London EC3R 5AB, on 23rd June, 1977, at 12 noon.

Desney... Best-tax thi... RESULTS AND ACCO... Popular Espanol...



# Lesney aims to beat £10.2m pre-tax this year

HE objective at Lesney Products is to beat 1976's record profit of £10.2m this year, Mr. P. M. Tapscott, chairman, tells shareholders in his annual statement.

This will be difficult because figures for this year's sales should not be hindered to any extent from the conversion of foreign currencies into pounds, he warns.

It is too early to make a precise forecast but there are clear indications that the company's products aroused considerable interest at the various international toy fairs held during the first three months.

He notes that one of the great strengths of Lesney has been its overseas sales, 70 per cent of which have been achieved through own subsidiaries.

As known pre-tax profit for the year to January 30, 1977, improved from £8.8m to £10.1m. Turnover was up from £33.3m to £56.4m, of which £7.8m was contributed by the EC, £19.0m from the Americas and £25.5m elsewhere.

During the year, £2.2m was added to fixed assets. Net operating current assets increased by slightly more than £1m, and liquidity improved by £1m, assisted by the rights issue which raised £2.5m.

The improvement due to deliberate policy of funding working capital by bank loans so as to facilitate longer-term corporate plans, says Mr. Tapscott.

Even allowing for these, or borrowing of £2m, the company to have now been replaced by an overall cash balance of £1.0m, he says.

As a result of the conditional budget, the directors of J. Sainsbury will recommend a final dividend of 5.0p, which will be paid on July 28, 1977.

Mr. P. M. Tapscott, chairman of Lesney Products, is seen at a meeting of the company's shareholders at the Tower Hotel, E. June 2, 1977.

**Sainsbury may pay more**

AS A RESULT of the conditional budget, the directors of J. Sainsbury will recommend a final dividend of 5.0p, which will be paid on July 28, 1977.

resulting from any reduction in the tax rate will be paid January 28. If the tax rate is reduced to 33 per cent, a further 0.11p will become payable.

As reported on May 5 in a full preliminary statement, turnover, including V.A.T., expanded from £24.4m to £28.7m in the 52 weeks to March 5, and pre-tax profit jumped from £13.7m to £23.3m.

A statement of source and application of funds shows an increase in net liquid funds of £15.2m (£3.3m decrease).

The group anticipates opening several new supermarkets totalling 150,000 sq metres during 1977-78. The first SainsCentre hypermarket will be opened in November and another two about a year later.

At the year-end future capital expenditure stood at £31m (£27m) with £15m (£12m) contracted for.

Meeting, Connaught Rooms, WC, on July 8, at noon.

**Turnbull Scott Shipping**

PROFIT OF Turnbull Scott Shipping Co. for the year to January 31, 1977, rose from £72,332 to £914,281 after all charges, including a provision of £288,514, but before depreciation, which amounted to £911,961 compared with £446,882.

The dividend total is maintained at 3.5p per share with a net final of 5.125p.

There was a surplus arising on disposal of ships of £2,822 against £200,056.

**Recovery by J. Bright in second half**

YARN AND FABRIC manufacturers, John Bright Group reports substantial sales up from £13.7m to £20.7m for the year to April 2, 1977, and an advance in pre-tax profits from £1.8m to £2.5m after a fall from £0.4m to £2.5m in the first half.

Full year earnings are shown to be up from 11.05p to 11.226p per 30p share before tax and from 5.259p to 5.599p after tax. The final dividend is 1.47p net for a 2.43 (2.3) total.

Strategic sales were £20.7m (£13.7m) and £1.2m (£0.7m) for the year. Loan stock interest was £0.9m (£0.8m) and pre-tax profit was £2.5m (£1.8m).

Net profit was £2.5m (£1.8m) and £1.2m (£0.7m) for the year. Proposed final dividend is 1.47p (£1.2m) and £1.47p (£1.2m) for the year.

**Anglo-Swiss sees profit for 1977**

While Mr. F. A. E. Frey, the chairman of Anglo-Swiss Holdings, has no doubt that the group will return to prosperity, the difficulty is to forecast the exact timing of events, he tells members of the board.

However, he is confident that the group will be operating profitably during 1977 although profits may not have reached material levels by the year-end, which may depend on the recovery in demand continuing. Steps are, however, being taken to improve performance independently of this, states Mr. Frey.

As reported on May 17 there was a loss of £5,158 (£73,247) before tax credits of £41,534 (£32,346) for 1976 on turnover of £3.33m (£2.76m).

A statement of source and application of funds shows a decrease in net liquid funds of £495,180 (£110,227 increase).

Since the year-end the group's existing borrowing facilities have been renewed to provide a medium term loan of up to £50,000 together with overdraft facilities subject to annual review, of up to £20,000. Repayment of the loan is spread over five years.

Meeting West Drayton on June 25 at 3.15 p.m.

# The Ericsson Group — Partners in Telecommunications Progress Worldwide.

## Highlights of 1976 operations

- Ericsson Group sales amounted to £1,045,000,000. Markets outside Sweden accounted for 84 per cent of invoicing.
- Profit-before special adjustments and taxes was £58,000,000, equal to 5.6 per cent of sales.
- The Board of Directors proposes a dividend of SKr 5.00 per share on the shares outstanding following the stock dividend and new issue of shares in 1976. The dividend is unchanged from 1976 when, however, a bonus of one krona per share was paid as a bonus on the occasion of the Parent Company's 100th anniversary.
- Order bookings in 1976 totalled £1,024,000,000. The order backlog at year-end amounted to £1,075,000,000.
- Capital expenditures for property, plant and equipment amounted to £84,000,000. Investments in research and development increased 27 per cent, to £84,000,000.

The Ericsson Group	£ '000* unless otherwise indicated		
	1976	1975	1967
<b>INCOME DATA</b>			
Net sales	1,044,505	1,034,236	327,229
Income before special adjustments and taxes	58,093	104,483	46,555
Per cent of sales	5.6%	10.1%	14.0%
Depreciation	41,374	37,571	11,540
Special adjustments	16,883	44,823	11,150
Swedish and foreign income taxes	20,042	30,781	16,865
Reported net income	20,711	24,258	13,816
Per share	£ 1.02	£ 1.21	£ .79
Adjusted net income per share**	£ 1.49	£ 2.20	£ 1.05
Dividend	15,563	6,591	6,591
Per share	£ .77	£ .79	£ .33
<b>BALANCE SHEET DATA (year-end)</b>			
Net working capital	575,942	624,524	168,643
Ratio of current assets to current liabilities	2.2:1	2.1:1	2.2:1
Net property, plant and equipment	287,780	260,235	83,285
Long-term debt	351,549	392,318	43,172
Minority interest	49,476	58,616	14,607
Stockholders' equity	370,512	303,048	143,656
<b>OTHER DATA (year-end)</b>			
Number of employees	71,100	84,100	46,400
Number of shares outstanding	21,788,498	15,380,117	10,253,412
Backlog of orders	1,074,600	1,308,900	358,400

\* Converted from Swedish kronor at the 1976 year-end exchange rate of SKr 7.00 to £ 1.00.  
\*\* Adjusted net income per share represents net income increased by special adjustments, less amounts equivalent to reduction in income taxes resulting from the adjustments. Per share calculations are based on 20,126,574 shares in 1975 and 1967 and 20,265,067 shares in 1976.

Want to know more about us? Send for our Annual Report, available in English, French and Swedish, from Telefonaktiebolaget LM Ericsson, Dept Db, S-126 25 Stockholm, Sweden, or from Thorn-Ericsson Telecommunications (Sales) Ltd — the UK member of the worldwide Ericsson Group — Viking House, Foundry Lane, Horsham, West Sussex.

TELEFONAKTIEBOLAGET LM ERICSSON

### REPORTS TO MEETINGS

## GRE suffers higher motor claims

WARNING that U.K. motor business was unlikely to prosper this year was given yesterday by Mr. J. E. H. Collins, chairman of Greaves & Garrod, Royal Warranted engineering firm, in the annual report.

The incidence of motor claims had increased noticeably in the current year, losses on the accident account were increasing and the results from home operations were not too favourable at present.

Mr. Collins expressed his disappointment over operations in the period. Results there after years' problems had shown a material turn-around. But now the market had improved, insurance companies were being penalised by the operations of the Anti-Inflation Board, which was severely cutting the company's ability to make good on its claims.

Operations in West Germany and Holland were causing considerable concern because of the cut in the rate of exchange. Mr. Collins pointed out that the market had suffered last year from storm damage, but even more so from the absence of insurance in rates, which were cut in the rating structure, which was much influenced by Government action. There was no sign of any material improvement.

But Mr. Collins forecast that while there were no major disasters, the group's results for 1977 should follow the same general pattern of the past two years. He expected a modest but growing profit, the usual contribution from the fund and increased investment income. The operations of the group in the rest of the world outside the British territories were trading well.

The following are extracts from speeches made by chairman at the annual meetings yesterday.

Mr. Collins said the improvement in the first quarter continued into April and May, although still at a low rate of recovery. While the relative

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### REPORTS TO MEETINGS

## Sentinel bonus increased

The Sealord Insurance Company has announced an increase in its reversionary bonus rate of 30p per cent to 45p per cent, per annum, on all with-profit contracts.

The effect of this in Sentinel's Variable Investment Plan, for example, is that the policyholder of any such plan to be held for 25 years at the end of 15 years or if he preferred, £1,975 after ten years for a gross payment of £10 per month. Maturity bonuses are not included.

The existing maturity bonus for a period of 15 years or more has also been improved.

### RESULTS AND ACCOUNTS IN BRIEF

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MINING NEWS

Mary Kathleen Uranium given more time

BY KENNETH MARSTON, MINING EDITOR

THE AUSTRALIAN Government and Comalco of Australia have agreed to extend the present financing arrangements for Mary Kathleen Uranium...

An unqualified interim of 11 cents (7.5%) is declared by Mr. J. J. O'Connell, chairman of the company...

BETTER TIMES AT STEEP ROCK

CANADA'S Steep Rock Iron Mines is now moving forward after the ore shortages and mechanical breakdowns...

After deducting an income tax credit of \$2,997,000, Steep Rock carried a net \$3,750,295 (1416,000) last quarter...

Buffels pays 90c final

THE JUNE dividend season of the South African gold mines was opened last night by the General Mining group with a notable final dividend of 90 cents (90.1p)...

Benguet's gold sales

HICHER EARNINGS are expected this year by Benguet Consolidated, the biggest gold producer in the Philippines...

BSG in good shape for further progress

CONFIRMING THAT 1977 has started on an extremely satisfactory note, with first-quarter profits materially higher than at the same time last year...

In a diversified industrial holding group it is most unusual to have all companies producing peak profits at the same time...

The group intends to raise £2.5m by a rights issue and to further strengthen its asset base by an additional £2.5m...

S. AFRICAN PAY TALKS AWAITED

Mr. Ken du Preez, chairman of the South African Council of Mining Unions says that the Council is awaiting the appointment of a commission...

Trading profit was £143,470 (£81,589) including exchange gains of \$57,103 (£17,063) and tax relief of £1,238 (£47,820)...

Rowntree share scheme through

Employees of Rowntree Mackintosh are to buy shares in the company. A share option scheme for employees is being introduced...

Optimism at Harcos Trust

Mr. G. O. Peake, the chairman of Harcos Investment Trust says in his annual statement that in the current year a further improvement is expected in the results from commercial and industrial investments...

Inch Kenneth Kajang higher

The directors of Inch Kenneth Kajang Rubber are recommending payment of a final dividend of 1.625p per 10p share for 1976...

Genl. last year, the group maintained profitability in this sector. The used vehicle market was buoyant throughout the year...

Working capital increased during the year by £13.3m against a decrease of £5.8m. Meeting, Savoy Hotel, W.C.2, on June 24 at 11.30 a.m.

US\$2m. loan for Trust Union

The directors of Trust Union have arranged a further £2m facility with Manufacturers Hanover Trust Company of US\$2m to finance the company's portfolio investments in quoted foreign currencies...

J. Halstead confident

In his interim statement, Mr. J. S. Leach, the chairman of James Halstead (Holdings), says that steps have been taken, and he is confident should soon produce more satisfactory results for the company...

DELTA METAL

Delta Metal announces that the offer of new Ordinary shares in exchange for the cancellation of the outstanding 7.5 per cent convertible preference stock (1984/85) has been accepted in respect of £7,951,058 stock (97.7 per cent)...

BIDS AND DEALS

John Stephen suspended

Shares in John Stephen, menswear retailers, were suspended yesterday at the request of the Stock Exchange...

AUDIOTRONIC PLANS MOVE INTO FRANCE

Audiotronic Holdings, the "Lucky" consumer electronics and hi-fi retailing group, is negotiating to acquire a 49 per cent stake in the French-based King Music chain of hi-fi shops...

SHARE DISCLOSURES

Atlanta, Baltimore and Chicago Regional Investment Trust: share County Council's support. Bishop's Stores: Messrs. J. H. Bradfield, T. M. Bradfield, C. E. Carter and R. Harvey hold 163,738 Ordinary shares (5.8 per cent)...

Useful start by Hewden-Stuart

In his annual statement, Mr. Frank Jamieson, the chairman of Hewden-Stuart Plant, says that 1977 has started like the curates in part, excellent. Group profits for the first few weeks of trading were usefully ahead and this position has been maintained up to the end of May...

Exports were substantially higher and the effort is continuing, he says. The company makes plastic floor tiles, mouldings, waterproof clothing, etc.

ICL managing director given new options

Mr. Geoffrey Cross, group managing director of ICL, has been granted new options on 100,000 shares in ICL by Messrs Plessey and NBE, which each hold 24.45 per cent of ICL...

IRI PER LA RICOSTRUZIONE INDUSTRIALE

IRI 5 1/2% US\$ AND DM BONDS OF 1964 DUE 1975-79

NOTICE IS HEREBY GIVEN that the annual redemption instalments due on 30th June, 1977, of US \$ 2,749,000 and DM 8,992,000 principal amount have been satisfied by the market purchase of Bonds for a principal amount of US \$ 953,000 and DM 4,654,000 and by drawings for a principal value of US \$ 1,796,000 and DM 4,338,000.

The Bonds drawn for redemption on 13th May, 1977, in the presence of a Notary Public are the following:

US \$ 1,000 BONDS
00 02 05 10 20 22 28 39 42 60
72 73 74 78 80 83 86 87 94 95

DM 1,000 BONDS
02 05 06 08 21 28 29 42 62 63
64 68 76 82 90 92

On 30th June, 1977, there will become due and payable upon each Bond drawn for redemption, the principal amount, thereof with accrued interest to said date at the address given below:

Banque Internationale à Luxembourg S.A. LUXEMBOURG
2, Boulevard Royal

or with one of the other paying agents listed under article 6 of the regulations printed on the back of each security.

Interest will cease to accrue on the Bonds drawn for redemption on and after 30th June, 1977. Bonds so presented must have attached coupon n. 27 maturing on 31st December, 1977 and all subsequently dated coupons.

The undermentioned certificates which were drawn for redemption on 30th June, 1976, have not yet been presented for encashment.

US \$ 1,000 BONDS
11611 11612 11613 11614 11615 11616 11617 11618 11619 11620 11621 11622 11623 11624 11625 11626 11627 11628 11629 11630 11631 11632 11633 11634 11635 11636 11637 11638 11639 11640 11641 11642 11643 11644 11645 11646 11647 11648 11649 11650 11651 11652 11653 11654 11655 11656 11657 11658 11659 11660 11661 11662 11663 11664 11665 11666 11667 11668 11669 11670 11671 11672 11673 11674 11675 11676 11677 11678 11679 11680 11681 11682 11683 11684 11685 11686 11687 11688 11689 11690 11691 11692 11693 11694 11695 11696 11697 11698 11699 11700 11701 11702 11703 11704 11705 11706 11707 11708 11709 11710 11711 11712 11713 11714 11715 11716 11717 11718 11719 11720 11721 11722 11723 11724 11725 11726 11727 11728 11729 11730 11731 11732 11733 11734 11735 11736 11737 11738 11739 11740 11741 11742 11743 11744 11745 11746 11747 11748 11749 11750 11751 11752 11753 11754 11755 11756 11757 11758 11759 11760 11761 11762 11763 11764 11765 11766 11767 11768 11769 11770 11771 11772 11773 11774 11775 11776 11777 11778 11779 11780 11781 11782 11783 11784 11785 11786 11787 11788 11789 11790 11791 11792 11793 11794 11795 11796 11797 11798 11799 11800 11801 11802 11803 11804 11805 11806 11807 11808 11809 11810 11811 11812 11813 11814 11815 11816 11817 11818 11819 11820 11821 11822 11823 11824 11825 11826 11827 11828 11829 11830 11831 11832 11833 11834 11835 11836 11837 11838 11839 11840 11841 11842 11843 11844 11845 11846 11847 11848 11849 11850 11851 11852 11853 11854 11855 11856 11857 11858 11859 11860 11861 11862 11863 11864 11865 11866 11867 11868 11869 11870 11871 11872 11873 11874 11875 11876 11877 11878 11879 11880 11881 11882 11883 11884 11885 11886 11887 11888 11889 11890 11891 11892 11893 11894 11895 11896 11897 11898 11899 11900 11901 11902 11903 11904 11905 11906 11907 11908 11909 11910 11911 11912 11913 11914 11915 11916 11917 11918 11919 11920 11921 11922 11923 11924 11925 11926 11927 11928 11929 11930 11931 11932 11933 11934 11935 11936 11937 11938 11939 11940 11941 11942 11943 11944 11945 11946 11947 11948 11949 11950 11951 11952 11953 11954 11955 11956 11957 11958 11959 11960 11961 11962 11963 11964 11965 11966 11967 11968 11969 11970 11971 11972 11973 11974 11975 11976 11977 11978 11979 11980 11981 11982 11983 11984 11985 11986 11987 11988 11989 11990 11991 11992 11993 11994 11995 11996 11997 11998 11999 12000

DM 1,000 BONDS
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12997 12998 12999 13000

Bankers' Investment Trust
Gross income of Bankers' Investment Trust rose from £1,333,333 to £1,735,325 in the year to April 30, 1977, and net revenue advanced from £335,100 to £379,529 after tax of £61,948 compared with £343,158. Earnings are shown at 244p (2.057p) per 25p share and the dividend is raised from 2p to 2.25p with a final of 0.5p. The directors intend to maintain the interim dividends payable in November 1977, February 1978, and May 1978 at 0.5p. The net asset value is given as 67.2p (64.9p) per share.

ANDELSBANKEN DANEBANK
ANDELSBANKEN A/S COPENHAGEN
U.S. \$30,000,000 Floating Rate Capital Notes due 1984
For the six months June 2nd, 1977 to December 2nd, 1977 the Notes will carry an interest rate of 7 per cent per annum. The Notes are listed on the Luxembourg Stock Exchange By Morgan Guaranty Trust Company of New York, London Agent Bank.







INTERNATIONAL FINANCIAL AND COMPANY NEWS

Dr. Oort to join ABN this year

By Michael van Os AMSTERDAM, June 1. DR. COEN OORT (48), Treasurer-General at the Dutch Finance Ministry, is to join Algemene Bank Nederland (ABN), Holland's largest commercial banking house, on October 1.

Dr. Oort, who is regarded as an international financial expert of high reputation, is represented outgoing Dutch Socialist Finance Minister Dr. Willem Duijzenberg (inter alia) at the IMF, OECD and the



Dr. Coen Oort.

EEC monetary committee. It is understood to have been eyeing a position in the private banking sector for some time, and there are not thought to be political reasons for his change of job.

It is understood that Minister Duijzenberg had asked him not to take up an offer made a year or so ago to become chairman of New Middenstandsbank (NMB), in which the Government has an interest of nearly 30 per cent. Now that the Minister may not return to his current position, after last week's elections, Dr. Oort probably felt that he was no longer bound by the agreement to postpone his entry into the private banking sector, Dutch banking circles said.

Dr. Oort was not available to comment on his new appointment. He is in Guatemala at the Inter-American Development Bank's annual meeting.

AMERICAN NEWS

FTC moves to stop Tenneco bid

BY JAY PALMER

THE U.S. Federal Trade Commission has started a last-ditch legal drive to prevent Tenneco's proposed acquisition of Moore Auto Equipment on the grounds that the merger would inevitably lessen competition in the North American car parts replacement market.

Late last night a spokesman for the Washington Anti-Trust Agency said that an appeal will be filed very shortly in an attempt to persuade the courts to overturn the decision handed down last May by a U.S. District Court Judge in favour of allowing the acquisition.

In Texas a spokesman for Tenneco refused to comment on this latest move by the FTC. However, he did stress that the company still strongly believed that the proposed merger was not anti-competitive and would not result in any lessening of domestic parts competition.

Moore, which is headquartered in Michigan, produces car shock absorbers and is esti-

ated to have about 3 per cent of the replacement market. Tenneco, a much larger and diversified group, owns a unit that makes car exhaust systems and dominates that market here with an estimated 26 per cent of total sales.

Also announced yesterday was a \$50m, seven-year issue for the Brazilian state-owned Banco Nacional de Desenvolvimento Economico. The issue is the first dollar Eurobond by this borrower—indeed by any Brazilian borrower other than the state itself—and offers an indicated 9 1/2 per cent for a seven-year maturity. Commer-

bank is lead manager.

EUROBONDS

Primary sector alive again

BY MARY CAMPBELL

EUROBOND trading was quiet yesterday with the seven-year tranche of the EEC issue weakening slightly and the shorter term tranche unchanged. The primary sector however has sprung to life again with two issues being announced.

One of them, \$400m for the European Coal and Steel Community, has rather surprised the market with an 18 year final maturity. This is not the longest maturity ever seen in this market—the ECSC itself has raised 30-

The lead managers are Banque Paris et des Pays Bas and S. G. Warburg.

The average life is considerably shorter, 13 years, due to the sinking fund which starts operating next year.

The indicated coupon on the issue is 9 per cent. This compares with a yield of around 8.65 per cent on the ECSC's 9 1/2 per cent issue due in 1986 which closed yesterday at around 103 1/4.

SELECTED EURODOLLAR BOND PRICES

Table with columns: Bid, Offer, Bid, Offer, Bid, Offer. Rows include STRAIGHTS, MID-DAY INDICATIONS, D-MARK BONDS, and FLOATING RATE NOTES.

Another earnings drop by SKF

BY JOHN WALKER

STOCKHOLM, June 1.

THE PRE-TAX profit of the SKF bearings, steel and machine tool group dropped in the first four months of this year by 7 1/2 per cent to Kr.19m, from Kr.21m, in the same period in 1976. Mr. Lemnar Johansson, the managing director said in a special report at the company's annual cycle would improve.

The amount of the profit in the 12 months period May 1976 to April 1977 was Kr.156m, compared with Kr.237m in the preceding 12 months, a drop of 34 per cent.

Turnover during the first four months of 1977 rose by Kr.198m, or 8.9 per cent, on Kr.182m, in the same period in 1976.

April 1977 went up by Kr.237m, or 4.3 per cent, to a total of Kr.5,380m, compared with Kr.5,143m, on a Kr.5,380m turnover.

Kredietbank post-tax profits rise 25%

By David Buchan

BRUSSELS, June 1.

KREDIETBANK, the flag-carrier of the Flemish business community, has announced a 25 per cent increase in post-tax profits, confirming its reputation of being the fastest growing (albeit the smallest) of the big three Belgian banks. Gross income for the year ending March 31 was 24.7 per cent up at B.Fr.1,130m, and post-tax profit net were B.Fr.1,30m. The dividend has only been raised by 2.5 per cent, but the Government dividend increases for 1976 to B.Fr.265 (245). But the bank has chosen to recommend a one-for-ten scrip issue, thus softening the impact of the dividend restriction.

The bank's balance sheet total rose by 85 per cent to B.Fr.2,330m, with the increase for the most part in the level of working funds. Sight and time deposits went up by 16 per cent, but the most spectacular success has been in the placement of medium-term five-year bonds to the bank itself which increased by nearly 50 per cent, to reach B.Fr.1,500m. By the end of the financial year, the bank's funds also benefited by a B.Fr.300m, privately placed bond loan this time last year.

Credit to the private sector rose by about 16 per cent in the year, to reach B.Fr.1,800m. Of this there was a steep increase in that financed by the bank itself, in particular "trade bills in portfolio" rose by 24 per cent, and loans by the bank itself, which has a very strong position in the relatively booming Flemish area of the country, rose by 21 per cent. Credit to the public sector rose by 18 per cent.

The new Belgian Government which Prime Minister Leo Tindemans is forming this week has announced a strengthening of State control over the banking sector. In particular, in deference to the demands of the Socialist Party, which is in the new coalition, a Government official will be put on the general Board of the biggest four banks, including the Kredietbank. But the Socialist demand that two officials be put on the executive of the banks to supervise the day-to-day control of the banks was rejected by Mr. Tindemans and his Party. In general, the big Belgian banks appear to be breathing a sigh of relief that the concessions to the Socialists in this field have been kept to a minimum.

Kredietbank is a member of the Inter-Alpha group of banks which includes Williams and Glyn's.

Profits rise 30% at IFI

By Paul Setts

ROME, June 1.

IFI INTERNATIONAL, the so-called "Agnelli family piggy bank"—has reported an increase of 30 per cent in profits last year compared to the previous year to \$11m.

In an interview in the Italian weekly news magazine, *Il Mondo*, the general manager of the Fiat family international holding, Gianmario Gabetti, said that the profits resulted in the major part from the company's financial activities in the United States.

With some 50 per cent of IFI international investments in the U.S., Sig. Gabetti said that the company now had \$50m in money or near-money assets.

The major shareholders of IFI International are the Agnelli family, Italian financial holding, IFI, with 24.6 per cent, and the Agnelli family itself with a direct interest of 11.5 per cent.

Sig. Gabetti added that the current position of the Italian holding, IFI, was improving following the recent agreement between the American department of state, Fenney, and the Italian group, La Rinascente. IFI has a controlling stake in La Rinascente—one of Italy's largest department store networks.

Brown Boveri sees increased orders

By John Wicks

ZURICH, June 1.

THE SWISS-BASED Engineering concern Brown Boveri expects an increase in its order intake this year from the Sw.Frs.5,550m, recorded for 1976. This was stated in Baden, today by chairman Franz Luterbacher, who also reported that the company had approved the Board's proposal to pay a gross dividend of Sw.Frs.10 per registered share, and Sw.Frs.10 per registered share and participation certificate from a net profit of the parent company up 8 per cent to Sw.Frs.33m.

In the first five months of this year, said Luterbacher, all divisions of the group except for the French operation have recorded a higher volume in new orders than for the corresponding period of 1976. However, owing to the very tough competition, certain sectors have also had to accept orders at "very unattractive prices" in order to preserve jobs.

In his address to shareholders, the chairman spoke of the increasing importance of exports to the Group as a whole, and the Swiss undertaking, in particular. Shareholders at the AGM approved the Board's proposal to pay a gross dividend of Sw.Frs.10 per registered share, and Sw.Frs.10 per registered share and participation certificate from a net profit of the parent company up 8 per cent to Sw.Frs.33m.

Godo Steel

A NEW STEEL company formed on Wednesday by the merger of two firms became Japan's eighth largest carbon steel producer, reports UPI from Tokyo.

Godo Steel, based in Osaka, has a paid-up capital of ¥2.7bn (\$9.6m.) was created through the amalgamation of Asaka Iron and Steel and Otani Heavy Industry, both members of the Nippon Steel Corporation group.

German stores profit slide

NET PROFIT of Herten AG dropped 37.5 per cent in 1976 to Dm.25m, from Dm.40m, and the supervisory board has decided to recommend a dividend of Dm.5 per share against Dm.7 (in 1975), reports Reuter from Dusseldorf.

Sales at Herten, Germany's fourth largest department store chain, were up only slightly in 1976 to Dm.3,650m, from Dm.3,647m. The company plans to pay out all of net profit in dividends.

Herten is in the process of "modernising its cost structure" particularly through personnel savings.

MEDIUM-TERM CREDITS

Norwegian borrower

By Francis Ghitis

NORGES KOMMUNALBANK is raising a Dm500m fixed rate loan through a consortium led by Westdeutsche Landesbank. It carries a maturity of 10 years but the rate is undisclosed. This loan is similar to others raised under the aegis of the same bank earlier this spring for Spain and Denmark.

The loan is the first of its kind to be raised by a Norwegian borrower this year and it carries the guarantee of the Kingdom of Norway. What enables the German lender banks to make

YONTOBEL EUROBOND INDICES

Table with columns: PRICE INDEX, AVERAGE YIELD, Dm Bonds, HFL Bonds & Notes, U.S. 5-Yr. Bonds.

PETROFINA Société Anonyme Summary of the 1976 Annual Report. Highlights of the year. Finance (in 1000) 1976 1975. Operations 1976 1975. Report of the Board of Directors. The past financial year which, due to signs of economic recovery, ended in confidence, ended in uncertainty on both the economy in general and on the energy situation.

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INTERNATIONAL FINANCIAL AND COMPANY NEWS

JAPANESE TRADING HOUSES

Strong recovery all round

BY YOKO SHIBATA IN TOKYO

AS ONE might have guessed from its export boom, Japan's six major trading firms underwent a significant recovery in the fiscal year ended in March. The six traders managed to record a 61.7 per cent increase in combined recurring profits...

Maruhmi, with its results, wiped out any fears that the company would suffer greatly from the Lockheed scandal. Municipal Governments were supposed to have boycotted Maruhmi because of the company's alleged involvement in the scandal...

Peak profit from Nissan Motor

BY DOUGLAS RAMSEY

NISSAN MOTOR CO. closed the reporting season for the Japanese car industry yesterday but it opened today with the first of the consolidated reports from Honda Motor.

Shipments of 4.75m. tonnes, up from 4.41m., and export value of ¥441bn., down from ¥553bn.

SMI profits down 65%

By Donald Maclean

SUMITOMO METAL Industries' after-tax profits fell 64.7 per cent, in the year to March 31 to ¥4.41bn. from ¥12.48bn. the previous year.

Same again at Takeda

TAKEDA CHEMICAL Industries announced a record profit of ¥7.46bn. (¥7.33bn.) in year ended March 31 on sales of ¥205.55bn. (¥213.90bn.), reports Reuter. Dividend is ¥7.5 (same).

Sumitomo may block NRC auction

Sumitomo Bank may take steps to prevent Newfoundland NRC from being auctioned, as an auction may prejudice claims by Ataka against the Canadian company from being collected, a Sumitomo spokesman said, reports Reuter from Tokyo.

Mitsubishi Chemical

MITSUBISHI Chemical Industries expects a pre-tax profit of ¥12bn. to ¥13bn. in the year ending January 31 on sales of around ¥600bn., reports Reuter.

Upturn at Nippon Steel

NIIPPON STEEL reports sales for 1976 of ¥2,806bn., a gain of 19 per cent. Net profit was ¥28.8bn. (¥14.5bn.).

Kobe Steel expects higher sales

KOBE STEEL hopes to secure first half sales of ¥450bn., compared with ¥460.19bn. in the year-ago period, reports Reuter from Kobe.

Stein Bros.

YESTERDAY'S REPORT on Premier Milling inadvertently referred to the group's acquisition of Stein Bros. This was however acquired by rival group Tiger Oats.

Swire pulls in \$HK530m.

SWIRE Properties' offer for sale of 55m. shares at \$HK2.75 per share appears to have been subscribed some 31 times—pulling in \$HK530m. (or \$66m.) of investors' cash.

Full details will be made known to-day. But to judge from cables arriving in London yesterday from Hong Kong's leading stockbroker, Sun Hung Kai, it is clear that the issue has surprised even the most optimistic of observers.

AUSTRALIAN COMPANIES CSR held in check by low sugar price

BY JAMES FORTH

LOWER WORLD sugar prices and industrial troubles at its iron ore investment have meant static profits for CSR (the major sugar, building materials, mining and pastoral group) in the year to March 31. Group profit edged up just one 1 per cent. from \$A40.59m. to \$A41m. despite a 15 per cent. increase in sales, from \$A761m. to \$A876m.

The only major division to produce higher earnings was building products where profits rose from \$A10.37m. to \$A12.07m. Earnings from sugar dropped from \$A15.55m. to \$A13.55m., down from mining and chemicals from \$A11.85m. to \$A11.29m.

The directors said that the important causes of the interruption to the established trend of significant growth were industrial troubles at the Mount Newman iron ore project in the Pilbarra region of Western Australia, in which CSR has a shareholding, and lower world sugar prices.

Bid for Capitol Motors

BY JAMES FORTH

CAPITOL MOTORS, Australia's bid would be made to remaining largest distributor of Datsun motor vehicles, may be acquired in a \$A27.7m. cash deal. However, the chairman and managing director of Capitol, Mr. Arnold Glass, to-day advised shareholders that he would not sell his shares because "talks" were being held with another party which could lead to an offer of \$A4 a share.

Mr. Glass is the key to any bid situation because he holds 49 per cent of Capitol's equity. \$A2.70 before the "don't sell" Under Stock Exchange rules announcement. If the deal goes through Mr. Glass will receive a guarantee that a similar \$A13.6m.

Pao unit raising \$HK62m.

HONG KONG, June 1

RIGHTS ISSUE to raise \$HK62m. is planned by World International (Holdings), a publicly traded unit of Y. K. Pao Shipping Group, to help finance a recent purchase of vessels, AP-11 has reported.

The company announced earnings of \$HK30m. in the first three months of the fiscal year to March 31. Comparable figures of the previous year were not available, but the company forecast profit of at least \$47m. for the full year, to show a gain of 5 per cent. on the previous year.

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# Varley to take industrial strategy to company level

BY KENNETH GOODING, Industrial Correspondent

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DURING THE next few weeks Mr. Eric Varley, the Secretary for Industry, plans to visit between 12 and 15 major manufacturing companies for detailed discussions about each company's performance, prospects, problems and the constraints it feels are imposed by the Government and its agencies. The companies will also tell Mr. Varley how his department and other Government departments can help them achieve their objectives.

All this is part of the latest, highly experimental, stage of the industrial strategy programme. The idea was sparked off by one of the messages in the papers produced during the first stage of the strategy—a process which involved working parties from 30 manufacturing sectors examining their problems and trying to see how they could improve their performance and achieve export-led growth.

Like so much else in the first phase of the strategy, there was nothing particularly new in the message. It was simply that Ministers and the civil servants who advise them should have a better understanding of manufacturing industry and of the kind of environment in which it can function smoothly. The first-stage papers pointed towards the support which seems to exist between industry and the civil service in West Germany and France. They also indicated that there was a need for U.K. government agencies to work more closely together in the support of manufacturers.

### Catalyst

So five sectors have been chosen to be the subject of concentrated effort by Mr. Varley and his department. In the words of a paper signed jointly by Mr. Varley and Mr. Denis Healey, Chancellor of the Exchequer, "we wish to see whether there is scope for the Government to act as a catalyst in bringing about, in concert with both sides of the industries concerned, a more rapid improvement in performance along the lines indicated in the relevant sector working party reports."

The five chosen sectors have

very little in common except that they are all part of the mechanical and electrical engineering industries whose performance the Government feels is central to the U.K.'s trade prospects.

They are industrial (diesel) engines, construction equipment, office machinery, electronic components and domestic electrical appliances. They are all manufacturing sectors with plenty of self-confidence and good products. But it has been stressed that this is not a "pick-the-winners" exercise. Work within the other 34 sector working parties will continue and, if the experiment is a success, it could be broadened to take in other industries.

Another important consideration which influenced the choice of industries is that the Department of Industry is short of staff to take on the heavy extra load this experiment entails. About 50 to 60 companies—mainly the largest ones in each industry—will be visited and the civil servants, not Mr. Varley, will take most of the strain because they will go to all the companies and do all the follow-up work. Therefore the five chosen industries are spread neatly across the four sectors into which the Department of Industry is divided.

Mr. Varley has already sat through two or three-hour sessions with four of the sector working parties involved. Mr. Alan Williams, Minister of State, was at the industrial engineers meeting.

The sector working parties in their "progress reports" completed at the end of 1976, and in their current work, have been trying to identify medium-to-long-term objectives for their particular industries and the quality of resources, capacity and so on needed to achieve them. These ideas are now being taken to the companies via the experiment in which Mr. Varley is involved. It is acknowledged that there is no chance whatever of the industrial strategy achieving any objectives at all unless individual companies make decisions and act upon them. And the whole point of the industrial strategy has always been that ideas and objectives should come up from the companies where they originated rather than the companies having their targets picked and imposed on them by the Government and its advisers.

What companies so strongly need before committing themselves to any significant change of direction is some kind of assurance that the Government wants to provide the right kind of environment and background in which they can make plans with some kind of certainty.

And Mr. Varley will in the next few weeks be giving more specific information about how the Government departments can help individual companies—the U.K.-owned multi-nationals alike—because that is what the companies have been invited to provide. His civil servants are going to get a "teach-in" at each company they visit.

### Merthyr

To take one obvious example, it may well be that a company might say: "We intend to build a new factory in 1979. Can you help so that we can build it now?" The answer might well be: "Yes."

There is already the specific case of the new factory the Government is to provide at Merthyr Tydfil, a company which happens to be one of the selected sectors. The Government is to spend £10m through the medium of the Welsh Development Agency on the Hoover factory which should be ready in the middle of next year.

Further Government aid will be given through selective financial assistance available under the Industry Act. Hoover takes over the lease.

The project will increase production of washing machines and the obvious consequence is that the company will be 90 per cent owned by the American Hoover group. It will either fight back and reduce U.K. sales lost to Dallas imports, or export more than its current 30 per cent of output, or probably both. The plant will also create 2,500 new jobs in an area already with a record level of unemployment which will be exacerbated by the closure of British Steel's Ebbw Vale plant in March next year.

The rather desperate employment prospects in the area have been the main reason, on this occasion, for the Government to put strong pres-

sure on Hoover to go ahead with an expansion project first announced in 1975. There is little doubt that without all the Government incentives Hoover would have continued to postpone it.

The way the Hoover project was handled, however, does provide a few clues to the way industrial strategy objectives might be achieved once Mr. Varley has heard for himself the problems confronting individual companies.

The Government has for the past two or three years been much more selective in its financial aid, aiming to back individual companies within specified industries. So far this has mainly been achieved by way of Industry Act Section 8 aid schemes. But the Hoover example shows that it is perfectly possible to use Section 7 of the same Act—which provides support for companies setting up or expanding in so-called "assisted areas"—in the same, specific way.

The hope is that this specific type of assistance to manufacturing guarantees to the industrialists craves. Manufacturers constantly complain about the great lurches in Government fiscal policies and stress that they don't really care what kind of tax policies are employed so long as they are not radically altered or reversed every few years.

### Support

It seems unlikely that a new Government is going to revoke, for example, the ferrous foundry aid scheme which has attracted £80m of Government support. Nor, one supposes, would it cancel the other aid schemes aimed at industries such as machine tools, textiles, printing machinery, non-ferrous foundries, electronic components and so on.

NEDO was deliberately chosen as the base to work out the industrial strategy because it provides bi-partisan, neutral ground. The strategy has the tacit support of both the CBI and the TUC, and the Government has made a big commitment to it. Hence, Mr. Varley and Mr. Healey were able to promise in their joint paper on the selected sectors that "in their financial planning in recent months the Government has been mindful of the requirements of the industrial strategy and have set aside additional resources for it even

at a time when other claims on the public purse were having to be cut back." Mr. Varley would certainly claim that recent financial schemes offered to industry have been specially tailored to answer a demand shown up at the sector working parties.

The £100m selective investment scheme—successor to the accelerated projects scheme—which aims to encourage companies to embark on major capital projects earlier than would have been possible without Government help—is a prime example.

### Advantage

The managing director of one construction equipment company, which will be able to bring forward by four years the launching date of a new product by taking advantage of this scheme, commented: "The beauty of it is that it helps industry concentrate its resources and bring projects to fruition so much more quickly." He added a reminder, however, that "unless companies already have the schemes planned and in their schedules the scheme is of no use to them."

The next financial incentive scheme ready to emerge from the Department of Industry, sprang directly from the industrial strategy programme. It will be a product development scheme which will replace—and simplify—the support to industry already available under the Science and Technology Act 1965. Two existing schemes introduced in the 1960s have become so complicated as to be almost unworkable. They will be replaced by something that industrialists will find easier to understand and which the department will find easier to administer.

It is noticeable that people at the Department of Industry who used to refer to "the industrial strategy exercise" now talk about "the industrial strategy programme" in a way that suggests they are confident that the programme will have an end as well as a beginning and a middle. The same civil servants point out that Conservative spokesmen's hostility to the strategy appears to have been on the wane over the past nine months, at least in their public utterances.

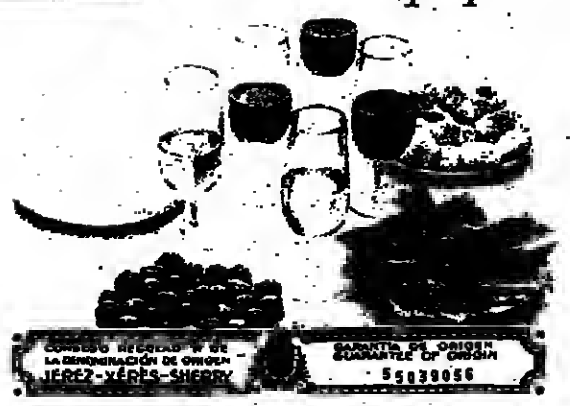
As for the five sector experiment, so far the consensus appears good. But we will have to wait until later in the year to see just how successful, or otherwise, it has been and whether it is to be expanded to other industries.

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Michael Blanden looks at the latest economic forecasts of the National Institute

Slow rate of growth and continued rise in unemployment expected

Warning over danger of pay explosion

THE MAIN uncertainty affecting the latest forecasts produced by the National Institute of Economic and Social Research concerns the prospects for the incomes policy in Stage Three.

The institute stresses the importance of an agreement being reached which will limit the rise in earnings to not more than 10 per cent. and of this agreement holding.

On these assumptions—and given the balance of payments projections—domestic credit expansion should be about £700m. in 1977-78 and about £800m. in 1978-79.

Background

The main changes since the institute last made its forecasts in February have been the deterioration of the outlook for earnings and the Budget.

The central forecasts are based on a compromise figure assuming a 15 per cent. annual rate of increase in earnings in Stage Three.

Underlying

With a 15 per cent. growth in earnings, inflation would still be running at over 10 per cent. a year throughout the forecast period.

It is also concerned about the absence of any progress towards correcting the underlying balance of payments deficit which could emerge when North Sea oil runs out.

These changes in the background account for a rather greater buoyancy in the institute's latest forecasts for the economy. They account, too, for the more pessimistic outlook for inflation, with consumer prices expected to increase by 10.3 per cent. next year against a February prediction of 7.3 per cent.

Contrast

In general, the institute's forecast for consumer spending—and thus for output growth—is more optimistic than the Treasury's.

There is a greater contrast between the institute and the other post-Budget forecast by the public sector borrowing requirement is expected to fall from nearly £5bn. in 1976-77 to about £6bn. in the current financial year and to £5bn. in 1978-79.

pay policy, the institute still thinks an agreement will be reached, coaling the conditional tax cuts to go ahead.

Vulnerable

For other private industry, excluding North Sea oil, the forecast rises are 11 per cent. and 13 per cent. The institute warns, however: "The other factors mentioned above mean that these forecasts may be exceptionally vulnerable."

Assuming that the conditional tax cuts go through, the institute predicts total personal disposable income in nominal terms to rise by some 14 per cent. during 1977 and by about 12 per cent. in 1978.

Nevertheless, given the strength of the intentions data and bearing in mind the level

to recover gradually from the low levels of the first half of this year, though at a rate which leaves the level in 1977 as a whole virtually unchanged from that of 1976.

The institute's best estimate for the underlying rate of growth of output per head is now about 2 per cent. a year. This could rise marginally later in the forecast period, given the investment recovery predicted.

On this basis, and allowing for the lags involved in adjustment to changes in output, the institute expects virtually no change in employment during 1977, followed by a fractional fall in 1978.

Assuming that there will be little significant change in the savings ratio, this implies that consumers' expenditure is likely

balance of payments current account as a whole from now on.

The institute adds: "It is perhaps worth pointing out, nonetheless, that the current account excluding the net direct effect of North Sea oil would be in £1.5bn. in deficit in 1977 and £2.3bn. in deficit in 1978."

The reduced forecasts for the public sector borrowing requirements have uncertain implications for money supply.

The institute expects that private demand for bank loans will rise from their present level of about 12 per cent. to about 14 per cent. by the spring of 1978 and will be maintained at that level until the end of the year.

THE NATIONAL Institute gives a graphic warning of the effects of a renewed wage explosion in its latest Review.

A sharp rise in inflation and rapidly rising unemployment are among the major effects over the next 18 months or so, if earnings continue to accelerate again, the Institute indicates.

For its central forecasts, the Institute uses an increase in average earnings of about 15 per cent. between mid-1977 and mid-1978.

This is based on a "best guess" that an agreement will emerge combining a basic norm of about 5 per cent. with an additional 10 per cent. for certain measures of flexibility—which will be difficult to police.

Compared with the low earnings case, the high level of increases in earnings, the Institute concludes, "leads to the medium-term to sharply accelerating price inflation and a falling exchange rate, to declining economic growth and to personal consumption, to rapidly rising unemployment, and to falling investment."

Because of the lags in the system in the short term, the earnings increase ahead of prices leading to higher consumer spending and, for a while, lower unemployment.

These benefits are, however, short-lived: the longer-term price of gaining them is in terms of inflation, jobs and living standards, very high indeed.

The general picture emerges fairly clearly, the Institute says, though the details are quite complex. The most obvious difference between the two cases lies in the rate of inflation, rising by only 10 per cent. in the low case, with earnings rising by only 10 per cent. in 1977-78 and by about 12 per cent. in 1978-79.

SUMMARY OF THE CENTRAL FORECAST

Table with 7 columns: Real GDP (% change, year/year), Real personal disposable income (% change, year/year), Unemployment (quarter m.), Money supply (% change, year/year), Consumer prices (% change, year/year), Current account balance (year, £bn.), Public sector borrowing requirement (fiscal year, £bn.).

\* GB, seasonally adjusted, wholly unemployed, including school leavers and adult students.

ESTIMATES AND FORECASTS OF THE GROSS DOMESTIC PRODUCT: SUMMARY

Table with 10 columns: GDP (4m. 1970 prices), Consumer expenditure, Public authorities current spending, Gross fixed investment, Exports of goods and services, Total final demand, Imports of goods and services, Adjusted factor cost, Unemployment, Current balance, Exchange rate, PSBR, Gross trading profits of companies, Consolidated.

'LOW' AND 'HIGH' EARNINGS CASES: EFFECTS IN THE FIRST HALF OF 1977

Percentage change in volume on year earlier, unless otherwise stated

Table with 7 columns: GDP, Consumer expenditure, Public authorities spending, Exports of goods and services, Imports of goods and services, Public investment, Private investment.

Level, millions Level at annual rate, £bn. \$ Annual rates, £bn. %

Table with 5 columns: Unemployment, Current balance, Exchange rate, PSBR, Gross trading profits of companies.

The table illustrates the effects of two extreme alternatives. These are a "low" policy, which delivers an annual rate of increase in average earnings of 10 per cent. and a "high" policy, under which an agreement is reached by July, but one which progressively breaks down later.

U.K. ECONOMIC INDICATORS

Table with 4 columns: 1977 (May, Apr., Mar., Feb.), 1976 (May, Apr., Mar., Feb.). Rows include General, Unemployment, Unfilled vacancies, Currency reserves, Basic materials, Bank advances, Manfrd. products, Terms of trade, Steel weekly average, Retail prices, Wage rates, HP debt, Industrial output, Retail sales value, Trade and industry, Imports, Exports, Visible trade balance, Bricks, Cement, Cars, Commercial vehicles, Houses completed, Man-made fibres, TV sets, Radios, Radiograms, Furniture, Raw cotton, Petroleum, Machine tools, Electric cookers, Washing machines, Engineering orders, Raw wool, Consumer spending, Motor trade turnover, Building and civil engineering.

Problems of unreformed wage bargaining system

BRITAIN had not solved the problem of devising policies appropriate for a country with a relatively inefficient manufacturing sector and with an unreformed pay bargaining system. In the period up to 1974, according to a special article in the National Institute Review.

Expansion of world economy, but little effect on jobless

THE VIEW of the prospects for the world economy has changed relatively little from the optimistic mood in the last Review in February.

The institute forecasts an increase this year in the volume of output in OECD countries of 4.1 per cent. and expects a similar outcome in 1978.

On one hand, "industry in Italy has continued to display a remarkable ability to shrug off the political problems with which the country has been beset".

Norwest Holst

Results 1976/77

Table with 2 columns: 1977 £000, 1976 £000. Rows include Turnover, Group Profit before Interest Taxation and Extraordinary items, Interest Payable (net), GROUP PROFIT BEFORE TAXATION AND EXTRAORDINARY ITEMS, Extraordinary Charges (1976 Profits) including writing-off of Goodwill on the acquisition of Subsidiary Companies of £577,000 (1976 - £13,000), Profit attributable to Ordinary Shareholders, EARNINGS PER SHARE - Basic, Fully Diluted.

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# Doctors urge tougher action to reduce cigarette sales

scientific evidence for smoking as a cause of extensive illness in Britain has been brought up-to-date in a third report from the Royal College of Physicians, published yesterday which makes strong recommendations for Government action to reduce the number of cigarettes smoked. A summary of the evidence and recommendations follows.

Cigarette smoking is still a major cause of death and disease in Britain. The evidence of its harm is becoming increasingly clear. But, although the dangers are more widely recognised, action to combat them remains inadequate.

## Recommendations

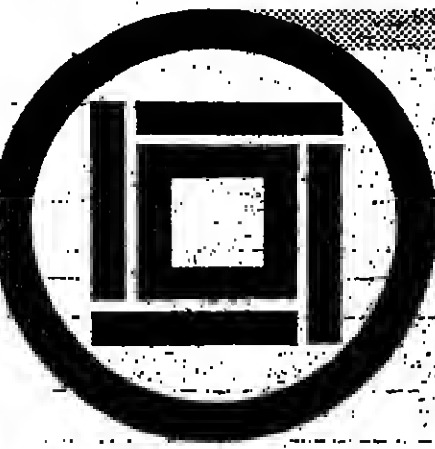
- 1—That smoking by doctors and other health workers in public places, particularly in hospitals and clinics.
- 2—Use every opportunity for encouraging patients not to smoke.
- 3—More teaching of medical and nursing students about the effect of smoking, and on their personal responsibilities in relation to smoking.
- 4—Ban smoking at meetings of committees concerned with the National Health Service.
- 5—A joint effort by the Department of Health and the Medical Research Council to develop and test more effective techniques of helping unwilling smokers to stop smoking.
- 6—Smoking in general hospital wards to be permitted only in special day rooms, side wards, or sections of wards reserved for smokers. Tobacco not to be sold in hospitals or other health care premises.

TOBACCO SALES PROMOTION—Expenditure on sales promotion has remained high with large outlays on gift coupons and on sponsorship of sports and the arts. In 1976, total expenditure approached £30m. Increasing breaches of the manufacturers' own cigarette advertising code led to the imposition of a stricter code by the Advertising Standards Authority in 1976, but no legislative ban or limitation of advertising has yet been accepted.

RESEARCH—British tobacco manufacturers have continued to support research in many fields related to smoking. There is no co-ordination or direction of research into smoking and health by Government research councils or universities, and little research has been done into ways of preventing smoking or reducing its harmful effects upon health.

## Warnings

- Despite emphasis on its importance there has been no co-ordinated attempt to 'dis-pulse' children from starting to smoke, nor to develop new methods for doing this. Little has been done to further the setting-up of smoking-withdrawal clinics.
- Recommendations:
- 1—Vigorous joint effort by the health and education authorities, nationally and locally, to test and promote the best methods of encouraging children and young people not to smoke. In view of the effects on school children, we urge that more attention should be given to the smoking problem in teachers' training and that teachers will not smoke on school premises.
  - 2—Display of notices by tobacco retailers clearly stating that selling cigarettes to people under the age of 18 is illegal.
  - 3—Cigarette vending machines to be banned in places to which children have access.
  - 4—Regular surveys of public attitudes to smoking and health as a basis for more effective information and action.
  - 5—Explicit health warnings on cigarette packs.



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ITALIAN PUBLIC STATUTORY CREDIT INSTITUTE  
HEADQUARTERS: VIA O. SALLA, 2 - ROMA

BALANCE SHEET AT 31 DECEMBER 1976 (in millions of lire)

Loans	3,285,721
Securities	3,648
Current Accounts with Treasury, Bank of Italy and other Banks	760,127
Accounts with Credit Institutions	22,966
Sundry Credits	66,380
Unamortized Bond Discount	147,879
Other Assets	11,095
<b>Total Assets</b>	<b>4,297,916</b>
Capital	21,000
Reserve Funds	18,547
Special Contingency Fund	97,716
Bonds	3,313,408
Loans	383,269
Advances Received	75,942
Loans in course of Disbursement	226,756
Accounts with Credit Institutions	62,031
Sundry Debts	54,110
Other Liabilities	43,016
Profit	4,121
<b>Total Liabilities</b>	<b>4,297,916</b>

LIABILITIES ASSETS

OTHER ACTIVITIES—There has been a welcome increase in the provision of no-smoking areas in public transport and places of entertainment. Recent small increases in tobacco taxation have been followed by some falls in cigarette smoking. Tables of tar and nicotine delivery of all cigarettes are now published.

ASH, an organisation set up by the Royal College of Physicians in 1971 to coordinate voluntary activity in this field, and supported by the Department of Health, has acted as a pressure group and as a source of information for the media. It has held many talks on matters relating to smoking.

This welcome indication of increasing Government concern needs to be followed by effective action to control smoking so that it can be reduced.

Recommendations:

- 1—Greater restrictions on smoking, especially in enclosed places such as shops, theatres, restaurants and public transport.
- 2—Price rises of cigarettes (in real terms) to be heavily concentrated on high-nicotine cigarettes, resulting in a different mix in comparison with low tar/nicotine brands, pipe tobacco and cigars.
- 3—Cigarettes with more than 15 mg. of tar, or 1 mg. nicotine, to be withdrawn from sale as soon as possible.

\*Smoking or health\* published by Pitman Medical Publishing Company, Ltd., 42 Camden Road, Tottenham, London, N17 9JL.

## BUSINESS AND INVESTMENT OPPORTUNITIES

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# FARMING AND RAW MATERIALS

## J.S. ruling against tax straddle

WASHINGTON, June 1. LIAM BAGLEY, chairman of Commodity Futures Trading Commission, said his agency will issue a ruling on the tax implications of certain "straddle" trades in the commodity markets.

Bagley was commenting on a letter from the Internal Revenue Service which says that a "straddle" in silver futures contracts designed to avoid tax liability is not a hedge.

The IRS ruling was specifically directed at a "straddle" set up in 1976 and carried as a term loss on a taxpayer's return, then almost totally wiped out last year.

The IRS maintained that the straddle was a hedge to avoid tax liability on a spread in the price of silver. The IRS said that the straddle was not a hedge because it was not designed to protect against a loss in the price of silver.

The IRS said that the straddle was a hedge because it was designed to protect against a loss in the price of silver. The IRS said that the straddle was not a hedge because it was not designed to protect against a loss in the price of silver.

## Brussels defers talks on aid for pigmeat

BRUSSELS, June 1. NO DECISION on the U.K. request for special measures to alleviate the economic difficulties of the pig industry was taken at the meeting of the European Commission's 13-man executive.

Mr. Finn Gundelach, the Brussels Commissioner for Agriculture, originally introduced the Government's application for special help for U.K. pig producers under Article 138 of the Common Treaty—a general safeguard clause allowing action against market disruption.

But contrary to some expectations, he presented no specific proposals to the Commission. He said that the Commission would be dealing with the issue. Neither did he ask for a decision. The matter has been put off until next Wednesday's Commission meeting.

E.C.O. officials suggested here today that options are open to the Commission. The most obvious would be to authorize continuation of the 50p score subsidy denominated last month by the European Court on the grounds it had been introduced

in brazen defiance of Rome Treaty procedures.

The court has not given a judgment on whether the subsidy was exceptionally justified. Even so, Commission authorities to continue the subsidy after June 12 when the government has agreed to suspend payments— is considered less likely, since, among other things, it might be interpreted as a slight on the court's dignity.

The obvious measure of a general character open to the Commission are to increase export subsidies on pigmeat to help buoy up prices on the internal EEC market, and pay more premiums to encourage private storage of surplus pigmeat until market conditions improve.

Subsidies helping the U.K. pig industry in general measure would also be in keeping with the still widely-held view in Brussels that the U.K. pig producers are not significantly worse off than those elsewhere in the Community.

## U.S. coffee closure rumour

By Richard Mooney

RUMOURS THAT General Foods planned to close some of its U.S. coffee processing plants for an extended period this summer depressed London terminal market prices yesterday.

The September position slipped to \$2,856 a tonne at one stage before closing \$116 down at \$2,887, a tonne—the lowest closing price since early February.

General Foods' roast and ground plants usually close for two weeks during the slow summer, but the rumour suggested that closures of up to six weeks were planned this year.

A denial by the company tended, ironically, to confirm the rumour as its wording clearly left open the possibility of extended, but not permanent, closures. The statement said: "The company is keeping all four of its coffee processing plants operating and plans no complete shutdown of any of them."

An official confirmed, moreover, that certain lay-offs have been planned for the summer period for the roaster plant.

Dealers said yesterday's decline was also partly due to the continued lack of physical buying and the warm weather in the London cocoa futures market, meanwhile, conditions were quiet for most of the day.

Near the close, however, a wave of speculative selling pushed prices sharply down. The September closed \$142.25 lower at \$2,423 a tonne.

## Irish threat to meat job subsidies

By Christopher Parkes

THE GOVERNMENT'S efforts to save jobs in the Northern Ireland meat and livestock industry appear to have back-fired. National subsidies which were introduced last October to encourage the slaughter of cattle and pigs in Northern Ireland's meat factories have come under attack because they are attracting ever-increasing numbers of cattle from the Republic.

Pressured by its star-struck meat factory owners, the Irish Government has demanded action to stop the "drain."

The British ministry and the Irish department of agriculture have been trying unsuccessfully to negotiate a settlement for several weeks. Irish officials confidently expect a deal to be struck in the near future, although British officials are more guarded.

Dublin wants either a reduction in the British exchequer payments or a cut in the Common Market monetary compensatory amount export subsidy (MCA) paid on cattle moving from the Republic to the north. Together, one official said, these two subsidies are worth as much as £150 an animal.

The Common Market Commission has kept in the background so far, but officials fear that unless the two governments can quickly find a settlement, Brussels may have to withdraw its blessing for the British subsidy.

side to try to find a solution between themselves. That was several weeks ago. Now the Irish Business Bureau which represents Irish industry and chambers of trade has protested directly to the Commission.

It claims that in April 20,000 head of Irish cattle went north for slaughter. Only 3,500 went the other way. This is a total reversal of the normal trade pattern, and it is causing chaos in the Republic where slaughterhouses are claimed to be working at only 35 to 40 per cent of capacity, the IBB says.

British officials do not challenge these figures, but they insist that the true picture is not quite so bleak. Ministry of Agriculture sources claim that unknown but considerable numbers of Northern Irish cattle are still being smuggled south according to the old formula.

Subsidies have been paid to the meat industry in Northern Ireland since 1975. They were introduced in April of that year to help offset the effects of cyclical and seasonal shortages of live stock. They were removed in July 1975, but were reintroduced in January, taken off in June and brought back into play at the time of the Irish green pound devaluation in October.

A Ministry of Agriculture spokesman said yesterday that there was "a fair indication" that the subsidies would continue into the summer.

## Asarco shrugs rice cut

John Edwards, Asarco spokesman, said that the company's rice production in the United States is expected to be cut by 10 per cent this year.

Asarco said that the cut was due to a combination of factors, including a late start to the planting season and a dry spell in the growing period.

The company said that it was confident that the cut would be temporary and that production would return to normal levels next year.

## Good start for new potato crop

BY OUR COMMODITIES STAFF

FIRST FRUITS of the home-grown early potato crop have started coming in this week from Cornwall and Devon, fetching the normal premium prices.

Next week the Potato Marketing Board expects supplies to arrive from the West of England.

Prices of the first "new" home-grown potatoes are usually spectacularly high. But they should begin to fall slowly until around June 20 when firings will be in full spate and supplies are expected to be plentiful at their peak. Although the harvest is about a week later than normal, the Board said the crop looked promising and free of the damaging effects of disease.

Although imports will probably be markedly higher than for the past two years, they are expected to push down British producer prices. Large quantities still to arrive from abroad are committed to the crisp and processing industry and will not appear on the open market.

The crop in Cyprus has been particularly good this season and there have been no shipping delays this year as in the recent past.

When the Famagusta port outlet was lost through military action, the new potato export

trade was badly affected. However, Larzaca and Linares have taken over Famagusta's role, and as many as three ships a day are leaving Cyprus for Britain with cargoes of potatoes.

So far this season 97,000 tonnes have been shipped and 70,000 tonnes have arrived at this time last year 65,000 tonnes had been shipped and only 41,000 tonnes had been landed.

Imports from Egypt, usually an erratic and unpredictable supplier, are expected to be lower than last year's total of 110,000 tonnes (including main crop).

There should be something of a revival in the Jersey crop this season after two bad years when drought hit production. Normally Jersey sends about 40,000 tonnes of earlies to the mainland each year. But during 1975 and last year the average shipped to only 22,000 tonnes.

The industry is getting back to normal and has been asked to import this year of 35,000 tonnes or more. Even the most conservative estimates put shipments at 30,000 tonnes.

According to the board's latest reports, taken liftings of earlies began last week-end in the extreme west and south west. The

harvest of the bulk of the crop in the east should start in the middle of next week, followed by crops in north Wales and Kent.

After a hiatus of about 10 days the large-scale producers in Essex, Lincolnshire, and East Angles should come on stream. The first of general means in the West Midlands is expected to be ready about June 27.

The Potato Marketing Board also reports that demand for winter (main crop) potatoes is coming mainly from the catering trade. Prices have fallen slightly although there is a steady fall for ton quality potatoes. Supplies of Maris Plover are said to be especially popular.

## Australian wool sales firmer

By Our Commodities Staff

ALL TYPES of wool were firmer at yesterday's Brisbane auction. But at Melbourne only poorer quality fleeces were sold.

At Brisbane 67.5 per cent of the 12,355 bales offered were sold to the trade which took 78.5 per cent of the 10,472 bales offered at Melbourne.

The Australian Wool Corporation bought 51 per cent, and 15 per cent of the offerings respectively at the two auctions.

The corporation was the main buyer at Brisbane, supported by Japan and West Europe; but at Melbourne buying was dominated by Japan and West Europe.

In South Africa prices were lower at the East London and Cape Town sales were 61 per cent, and 54 per cent of the respective offerings were sold.

## Bad winter hits Asian grain

By Our Own Correspondent

BAD WEATHER has cast the first shadow over the bright food picture Asia has enjoyed for the past two years. On the far side of the region, Pakistan, Bangladesh and Indonesia have suffered severe crop damage from floods which hit last winter's rice crops.

As a result Pakistan's rice exports are expected to fall by some 200,000 tons, down from the 700,000 tons exported last year.

Bangladesh's winter rice crop was down by 350,000 tons because of cyclone damage in Sylhet. Consequently food imports are heavy, in March 200,000 tons of food aid was shipped in from America.

The eastern side of Asia has been too dry, and in the north, cold. Cold hit the wheat and

berley crops in North and South Korea.

Observers suspect that the wheat regions north of the Yangtze in China and the rice-rich province of Kwangtung have suffered drought. China has contracted some 6m. tons of wheat imports from the U.S. and Canada.

Little is known about Cambodia. There are reports that up to 100,000 tons of poor quality rice in Singapore and Laos.

The Philippines has also lost rice acreage due to drought. But the Government claims it holds 100,000 tons of carry-over stocks from last year's good harvest. Malaysia's rice bowl, Uda Province, also went dry last

### COMMODITY MARKET REPORTS AND PRICES

Commodity	Unit	Price	Change
Asarco Rice	100 lbs	1.15	↓
Wheat	100 lbs	1.25	↓
Corn	100 lbs	1.10	↓
Soybeans	100 lbs	1.35	↓
Cotton	100 lbs	1.45	↓
Wool	100 lbs	1.55	↓
Gold	100 gms	1.65	↓
Silver	100 gms	1.75	↓
Copper	100 lbs	1.85	↓
Aluminum	100 lbs	1.95	↓
Zinc	100 lbs	2.05	↓
Nickel	100 lbs	2.15	↓
Lead	100 lbs	2.25	↓
Iron	100 lbs	2.35	↓
Steel	100 lbs	2.45	↓
Gas	100 gals	2.55	↓
Oil	100 gals	2.65	↓
Coal	100 tons	2.75	↓
Timber	100 cu ft	2.85	↓
Grain	100 bushels	2.95	↓
Beans	100 bushels	3.05	↓
Peas	100 bushels	3.15	↓
Lentils	100 bushels	3.25	↓
Flour	100 bushels	3.35	↓
Starch	100 bushels	3.45	↓
Sugar	100 lbs	3.55	↓
Honey	100 lbs	3.65	↓
Maple Syrup	100 lbs	3.75	↓
Apples	100 bushels	3.85	↓
Oranges	100 bushels	3.95	↓
Lemons	100 bushels	4.05	↓
Limes	100 bushels	4.15	↓
Grapes	100 bushels	4.25	↓
Peaches	100 bushels	4.35	↓
Plums	100 bushels	4.45	↓
Cherries	100 bushels	4.55	↓
Strawberries	100 bushels	4.65	↓
Raspberries	100 bushels	4.75	↓
Blackberries	100 bushels	4.85	↓
Blueberries	100 bushels	4.95	↓
Cranberries	100 bushels	5.05	↓
Gooseberries	100 bushels	5.15	↓
Currents	100 bushels	5.25	↓
Blackberries	100 bushels	5.35	↓
Raspberries	100 bushels	5.45	↓
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Raspberries	100 bushels	20.65	↓



STOCK EXCHANGE REPORT

Gilts steadier on reduced fears about interest rates
Leading equities again fluctuate narrowly in small trade

Account Dealing Dates
Option
\*First Declara- Last Account
Dealings Date Dealings Day

British Funds made the best showing in stock markets yesterday on some abatement of recent fears about the upward pressure on short-term interest rates.

and some higher. Once again, business in the new variable coupon, Treasury 1981 stock was substantial and the Government broker withdrew his selling price of 98 1/2 for supplies of the issue and resumed later at 99 1/2.

Recently-issued Fixed Interest stocks also displayed a firmer trend with Stockport 1 1/2 per cent, 1985, and Sunderland 1 1/2 per cent, 1984, regaining 1 1/2 to 93 1/2 and 93 1/2 respectively in 50-paise form.

Narrow mixed price movements with little variation on the overnight levels following a light trade. Northern Foods shed 2 to 79p following Press comment on the interim figures, while RHM, 43 1/2p and Fitch Level, 57 1/2p, both closed a penny cheaper.

J. Stephen suspended
John Stephen attracted a fair amount of early speculative support and advanced from an overnight price of 6p to 11p before being suspended at that level around midday on the company's

request pending bid developments. Elsewhere in Stores, Allied Retailers rose 5 to 128p following details of the dividend, boosting rights issue.

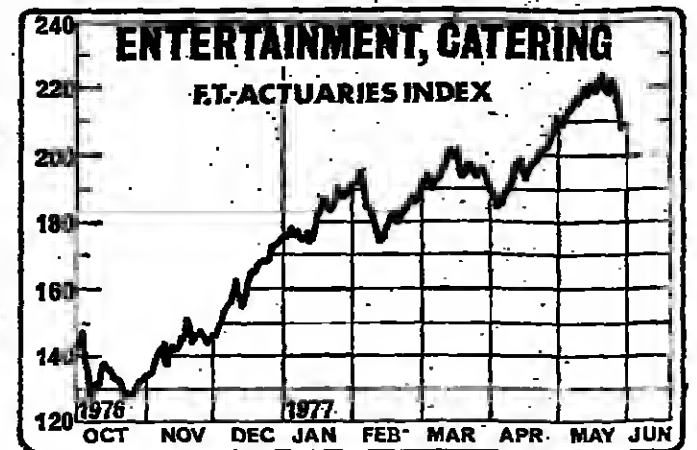
Secondary issues provided the few noteworthy movements in quiet Electricals. Pethrow improved 5 to 160p in a thin market, while Brooks, 50p, Chloride, 107 1/2p, and Farnell Electronics, 185p, all closed 2 harder.

acted the close was 3 down at 280p. Reliant Motor, currently in receipt of a 1 1/2p per share cash offer from J. F. Nash Securities, moved up 1 1/2 to 70p on the substantial turnaround from losses into profits. British Leyland ended up 2 to 25p on the industry Secretary's statement to the House of Commons on the mini-replacement programme.

from Cadbury Schweppes, marginally firmer at 45p. Supermarkets were edger and faster. Grand Metropolitan speculated narrowly and closed at the overnight level of 78 1/2p; stockholders expect the company to announce pre-emptive offers of around 25p.

moved up 5 to 51p in Investment Trusts where gains of around 3p were seen in Mooloya, 39 1/2p, and Wemyss Investment, 23 1/2p. Other issues continued to drift gently lower on scrawpy selling and lack of any support. Cable Trust eased 9 1/2 to 126p, while London and Provincial Investment Trust, 99p, and Edinburgh Investment Trust, 102p, both closed 3 cheaper.

request pending bid developments. Elsewhere in Stores, Allied Retailers rose 5 to 128p following details of the dividend, boosting rights issue.



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FINANCIAL TIMES STOCK INDICES

Table with columns for indices: Government Securities, Fixed Interest, Industrial Ordinary, Unit Trusts, etc. with values for various dates.

HIGHS AND LOWS S.E. ACTIVITY

Table showing High and Low prices for various stocks and S.E. Activity.

NEW HIGHS AND LOWS FOR 1977

Table listing new highs and lows for 1977 across various sectors like Motors, Textiles, etc.

ACTIVE STOCKS

Table listing active stocks with columns for Stock, Denomination, Closing price, Change, etc.

Banks featureless

The Banking sector was again devoid of features. With the exception of Lloyds, which edged forward 3 to 23 1/2p, home banks were unaltered, while among foreign issues, Hong Kong and Shanghai rose 6 to 23 1/2p on overseas advice.

Reed Int. easier

Profit-taking in the wake of Tuesday's reports left Reed International 6 down at 206p and the major casualty in generally lethargic miscellaneous industrial issues.

Gilts rally

Realizations that the recent steep fall in quotations had probably gone too far coincided with a lessening of the upward pressure on money market rates and provided the necessary factors for a more positive recovery in British Funds.

Siemens (U.K.) jump

Oils were none too busy but marginal improvements occurred in many issues which included Petroleum, up 4 to 82 1/2p awaiting to-day's first-quarter figures.

Demand for Golds

After edging forward in only moderately active trading during the morning session, South African Golds surged ahead just prior to the official close of business.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries.

RECENT ISSUES

Table listing recent issues in Equities and Fixed Interest Stocks.

Advertisement for 'WINDOW ON OIL' and 'COMECON OIL AND GAS' by Dr Bernardo F Grossling and Dr Zybnek Zeman and Jan Zoubek. Includes a coupon for more information.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries.

Large table containing FT-Actuaries Share Indices, Equity Groups, Fixed Interest Price Indices, and Options Traded.



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AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

Main table listing various unit trusts and offshore/overseas funds with columns for fund names, managers, and performance metrics.

LEADERS AND LAGGARDS

Table showing percentage changes for various market sectors like Toys and Games, Insurance, and Chemicals.

BASE LENDING RATES

Table listing base lending rates for various banks and financial institutions.

INSURANCE, PROPERTY, BONDS

Large table listing insurance, property, and bond products from various providers like Abbey Life, Axa, and others.

NOTES

Notes section providing additional information and commentary on the market data.

CLIVE INVESTMENTS LIMITED advertisement with contact information and a list of investment products.











Relative Strength

Relative strength is the difference between a good and a bad investment. We supply relative strength charts for Britain's leading companies, plus all the other price information necessary for successful investment.

FINANCIAL TIMES

Thursday June 2 1977

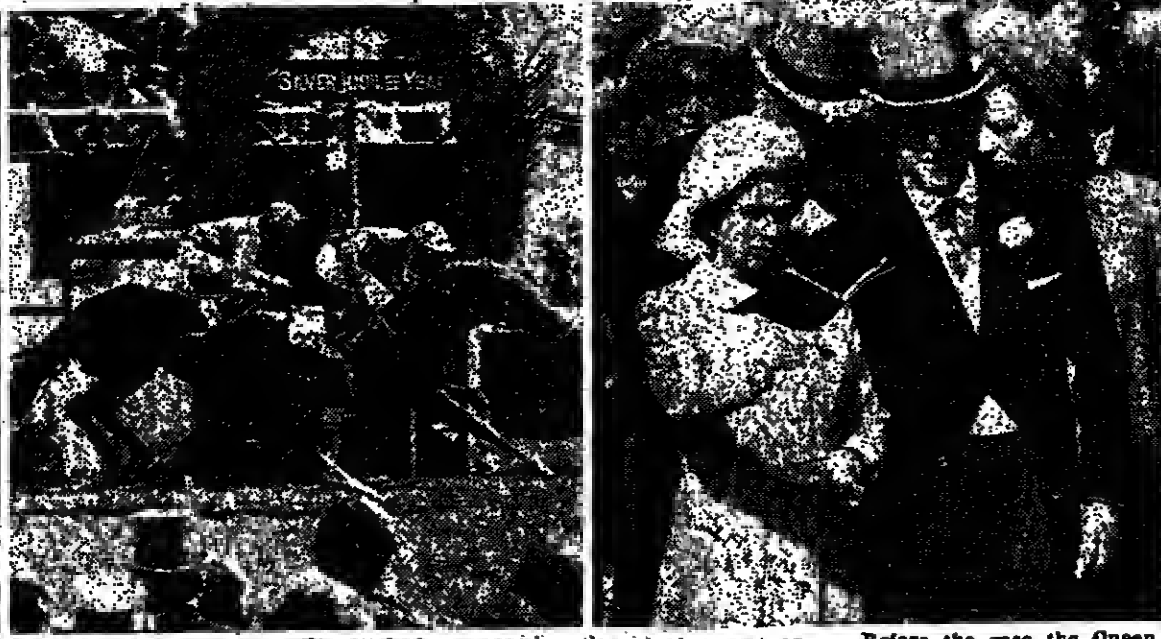
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TOYOTA

FORKLIFT

LESTER PIGGOTT WINS DERBY FOR EIGHTH TIME



Even Lester Piggott had to smile at Epsom yesterday. The jockey, who is normally so serious, beams after winning the Derby for the eighth time. Piggott, seen in the centre

passing the winning post on The Minstrel, said afterwards to trainer Vincent O'Brien: "Go on, admit it, you wouldn't have run him if I hadn't told you to."

Before the race the Queen and Duke of Edinburgh were studying form. Dominic Wigan's report. Page 2.

Need for pay curbs stressed

BY MICHAEL BLANDEN

THE GOVERNMENT should be ready to pump more money into the economy to reduce unemployment if the growth of wages is held down firmly in the next stage of the incomes policy, according to the influential National Institute of Economic and Social Research in its quarterly Review issued to-day.

The Institute lays heavy stress on the importance of maintaining a restrictive pay policy. It says it is "imperative" that the Phase Three agreement should provide an assurance that average earnings growth will be contained below a ceiling of 10 per cent.

In a clear warning to Government and unions, the institute presents a depressing prospect for the economy if the pay restraint broke down. The economy would be taken "down" seriously close to the sort of crisis experienced in 1974-75, with inflation and unemployment rising rapidly and the balance of payments subsequently deteriorating sharply.

The institute sees a case for some relaxation to smooth over the dip in real earnings which would result if a tight incomes policy were achieved. Even if it meant re-opening the ceilings agreed for 1976-79 in the letter of intent to the International Monetary Fund, there would be an argument for further relaxation to begin to reverse the rise in unemployment.

But the institute takes a relatively gloomy view of the likely outcome of the pay curbs. It illustrates a detail which would happen if the controls broke down completely, leading to a sharp increase in inflation. For its central forecasts the review assumes an annual rise of 15 per cent, an average of 10 per cent in Phase Three, an outcome which it describes as "very risky indeed."

This is based on a "best guess" that an agreement will combine a basic norm of about 5 per cent, with an additional 5 per cent for certain measures of flexibility. The institute believes the difficulty of policing the flexibility provisions will mean that this would lead to a higher actual increase in earnings.

The main forecasts on this book present a fairly bleak outlook for the economy in the next two years, though with some brighter spots. Economic growth is expected to remain quite low, with gross domestic product rising at an underlying rate of about 2 per cent.

Against this background unemployment is forecast to continue rising slowly, reaching about 1.5m. at the end of this year, against the current level of 1.3m., and perhaps increasing to 1.6m. by the end of next year.

An increase in earnings of the size assumed would lead to only very gradual progress in bringing inflation down. Consumer prices are expected to rise about 13 per cent this year and about 10 per cent next year.

Against this, if the Government held to a tighter incomes policy inflation could be down to about 7 per cent a year by the first half of 1979. But if the policy broke down it could be back up to more than 18 per cent.

**Bullish**  
The institute is optimistic about manufacturing investment this year, predicting a rise of 15 per cent, but expects an increase of 12 per cent next year. It also continues to take a more bullish view than the Government of the prospects for the balance of payments, though it has revised downwards the expected surplus for next year compared with the forecasts it made in February.

A current account surplus of about £400m. is expected for the year, against the Treasury forecast of a deficit of £500m. The institute predicts a surplus of about £1.3bn. next year. It is expecting a surplus of £2.2bn. Nevertheless, the institute advises the Government to follow an exchange rate policy which avoids deterioration of the U.K.'s competitive position—implying that the rate should be allowed to fall if inflation is substantially higher here than abroad.

Its reason for this suggestion is its concern about the failure of the non-oil trade balance to show any improvement. Details of forecasts Page 32

Owen asks S. Africa to act on Rhodesian raid

DR. DAVID OWEN, the Foreign Secretary, yesterday sent a message to the South African Government asking it to use its good offices to urge Rhodesia to call off its four-day-old hot-pursuit raid into Mozambique immediately.

Dr. Owen, who is in Paris for the North-South dialogue conference, held a second round of talks on Rhodesia yesterday with Mr. Cyrus Fance, the U.S. Secretary of State. Interviewed afterwards, the Foreign Secretary said the U.S. was also making "vigorous representations" about the raid through diplomatic channels.

Rhodesian security forces were last night still operating inside Mozambique. An official communiqué said they had been involved in a clash

with nationalist guerrillas about 12 miles north of the Mozambique town of Mapi, which the Rhodesians have occupied. Mr. Pieter Van Der Byl, the Rhodesian Foreign Minister, attacked Britain for its condemnation of the raid, which he said had been "a defensive action" and would not have taken place if Mozambique had not given full support to the Rhodesian guerrillas.

Backed up by his doubts, Dr. Kaunda said he had heard nothing further about the British inquiry into the ways oil has been reaching Rhodesia, which was announced shortly before Dr. Owen left on his Southern African tour in April.

"The moment he had done his rounds he became silent. What has happened? Was this designed to impress us that here was a man who was taking action so that we would accept him here?"

The President did, however, see some grounds for hope over the West's involvement in Southern African problems. "The most encouraging thing are the statements that President Carter has been making about human rights."

But I am conscious that every leader has got his establishment. It is possible for the establishment to allow President Carter to do the right thing in Rhodesia. South Africa, Namibia? We must wait and see."

Court battle in offing, Page 8

Kaunda doubts on West action

BY MICHAEL HOLMAN

LUSAKA, June 1

DR. KENNETH KAUNDA, the Zambian President, has expressed disillusionment with the handling of the Rhodesian settlement issue by Dr. David Owen, the Foreign Secretary, declaring that the "profound impression" made on him by Dr. Owen is "disappearing very quickly."

Dr. Kaunda, in an interview with the Financial Times, also said he was not optimistic about the latest Anglo-American initiative on Rhodesia succeeding. The interview took place shortly before Dr. Kaunda left Lusaka on a European tour and to attend next week's Commonwealth Conference in London.

Discussing the Western efforts to secure a negotiated Rhodesian settlement, the President remarked: "The English say 'Once bitten, twice shy'. We have been bitten not once but several times. We must see tangible evidence that Ian Smith (the Rhodesian Prime Minister) means the same thing as we do here, before I can believe that the initiative by the British and Americans will produce results."

"I am not optimistic at all." He added: "The only thing left to us now is to intensify the armed struggle."

Dr. Kaunda left the impression that he had a reluctant but growing distrust of Western intentions. "The only thing they fear is an armed struggle, not so much because there will be bloodshed as—and I'm sorry to have to say this—as the fear that the Communists will have a better situation."

He said Dr. Owen "really made a profound impression on me when we first met, but I am sorry to say this is disappearing very quickly. I really was very impressed by him. I hope—and may God forgive me if I am misjudging a fellow human being—I hope he is not using his psychology too much in politics. This would be dangerous."

Varley meets turbine generator unions to-day over merger

BY MAX WILKINSON

MR. ERIC VARLEY, the Industry Secretary, is to speak to representatives of all the unions in the turbine generator industry to-day in an effort to break the deadlock on merger talks.

Representatives from the Confederation of Shipbuilding and Engineering Unions will join representatives from the factories of C. A. Parsons and GEC for the talks.

The meeting is officially being held to promote "an exchange of views." However, Mr. Varley is likely to make a desperate last effort to persuade the union representatives, particularly those from Parsons, that a merger of the two companies

turbine generator interests is essential.

The merger is deadlocked because GEC insists that it should have management control of a merged industry, while C. A. Parsons refuses to agree to a merger on this condition.

Some of the management of Reynolds-Parsons, C. A. Parsons' parent company, would like to do a deal with GEC if the unions would agree, but so far, the Parsons unions have adamantly rejected the terms offered by GEC.

Mr. Varley is likely to insist that, in spite of the construction put on recent statements by the Prime Minister, no power station will be ordered until a merger plan is agreed.

However, C. A. Parsons' management believes that time is running out for the Government, because of the threat of large redundancies at Babcock and Wilcox's Clydebank boiler-making factory unless a new £800m. power station at Drax, Selby, is ordered soon.

Parsons' present strategy appears to be to force a political decision which would give it work from the Drax order without the need for a merger on the present terms.

Weather

U.K. TO-DAY  
Dry and sunny. Some cloud on coast.  
London area, S.E. S.W. England, E. Anglia, Channel Islands: Dry, sunny. Wind N.E. light. Temps. near normal. Max. 19C (66F).  
Midlands, Wales: N.W. Cen. N. England: Early mist. Dry, sunny spells. Warm. Max. 19C (66F).

BUSINESS CENTRES  
Abercrombie F 28 22  
Amman F 28 22  
Algeria F 28 22  
Athens F 28 22  
Bahrain F 28 22  
Beirut F 28 22  
Belgrade F 28 22  
Bern F 28 22  
Birmingham F 28 22  
Brisbane F 28 22  
Brussels F 28 22  
Cairo F 28 22  
Cardiff F 28 22  
Cebu F 28 22  
Colon F 28 22  
Copenhagen F 28 22  
Dubai F 28 22  
Edinburgh F 28 22  
Frankfurt F 28 22  
Geneva F 28 22  
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Tokyo F 28 22  
Washington F 28 22  
Wellington F 28 22  
Yokohama F 28 22

E. N.E. England, Borders, Edinburgh, Dundee, Aberdeen, Moray Firth  
Dry, sunny inland. Cloudy near coasts. Near-normal. Cooler on coasts. Max. 18C (64F).  
Lake District, Isle of Man, S.W. N.W. Scotland, Glasgow, Cen. Highlands, Argyll, N. Ireland  
Dry, sunny. Mist early. Warm. Max. 17-19C (63-66F).  
Rest of Scotland  
Dry, cloudy. Bright intervals. Coastal fog. Rather warm. Max. 13C (56F).  
Outlook: Dry with sunny spells. Becoming warmer.

HOLIDAY RESORTS  
Alicante F 21 73  
Algiers F 21 73  
Amman F 21 73  
Athens F 21 73  
Bahrain F 21 73  
Beirut F 21 73  
Belgrade F 21 73  
Bern F 21 73  
Birmingham F 21 73  
Brisbane F 21 73  
Brussels F 21 73  
Cairo F 21 73  
Cardiff F 21 73  
Cebu F 21 73  
Colon F 21 73  
Copenhagen F 21 73  
Dubai F 21 73  
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IMF optimism about U.K. growth

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE CHANCELLOR of the Exchequer has been told by the International Monetary Fund that it is optimistic about prospects for Britain's economic growth rate provided the level of inflation is brought under control.

This verdict, which was delivered to Mr. Denis Healey, the Chancellor, by the head of an IMF monitoring team which had been in London for a week, depends, however, on the Government hitting its target of bringing the rate of inflation down to single figures by the second quarter of next year.

The IMF added that if the target were met Britain's economic growth rate might be higher than the present Government forecast of 1 1/2 per cent. growth in GDP during the first half of this year and next year.

**Less buoyant**  
Mr. Healey announced this during the monthly meeting of the National Economic Development Council yesterday, which heard depressing news from Mr. Eric Varley, Industry Secretary, on the prospects for investment in manufacturing industry during the rest of this year. Figures he presented showed a likely increase only 6-10 per cent, compared with earlier forecasts of 10-15 per cent.

Mr. Varley admitted that this showed a less buoyant outlook than both his ministry and the CBI had been forecasting. It partly reflected the fact that people were accepting that pros-

pects for world trade were less hopeful.

Both Mr. Varley and the CBI suggested that some of the problems also stemmed from political and economic uncertainties in Britain.

Lord Watkinson, the CBI president, felt there could be a strong recovery next year if confidence improved.

Mr. Varley said the Government would make more money available soon for the industry Act's machine tool scheme, funds for which have nearly run out.

But while the Government and the CBI tried to make the best of the estimates, the TUC's leaders were angry and disappointed. Mr. Len Murray, TUC general secretary, and Mr. Jack Jones, general secretary of the Transport and General Workers' Union, attacked industrialists for their lack of confidence and called for the Government to introduce more interventionist investment policies of the sort which the TUC had proposed to the Wilson Committee.

The Chancellor later acknowledged that new techniques and machinery might be needed to channel oil revenues into manufacturing industry. This did not placate the union leaders, who warned that their members might soon lose interest in helping with the Government's industrial strategies.

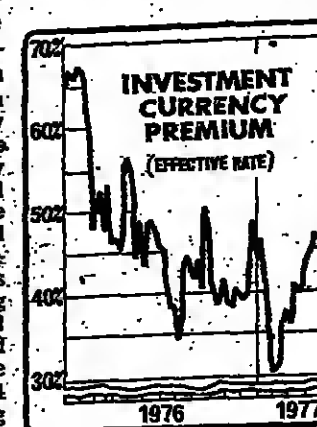
There was growing unease, they reported, at union annual conferences this summer. Union leaders were having difficulty in gaining support for the Government's economic policies when there was such a poor level of industrial investment.

THE LEX COLUMN

National Institute blown off course

On the face of it the latest National Institute projections have thoroughly unpleasant implications for the capital markets. Apart from the more pessimistic assumptions, compared with last February, on wage rates and inflation—which on the central forecast will stay in double percentage figures through 1978—the Institute now suggests the Government could have difficulty in meeting the IMF's money supply and domestic credit expansion targets. And whereas three months ago the forecast was that long-term interest rates would fall to 11 per cent. over 1977 and stay there next year, now the Review suggests a rise to 14 per cent. by next spring. Long gilt yields, in fact, have already climbed by three-quarters of a point to 13.3 per cent. since the Review went to press on May 17.

Index rose 0.1 to 448.6



appeared relatively attractive to some funds compared with London and its rising share prices. There is also the technical point that drifting U.S. prices can reduce the loan cover of U.K. institutional investors and encourage them to top up through the premium.

Moreover one widely held viewpoint is that any relaxations of the exchange control regulations which will result from an improving balance of payments will take the form of reducing or removing the 25 per cent. surrender requirement rather than modifying the coverage.

Yet the Institute's monetary projections are puzzling, to say the least. It reckons that U.K. non-bank investors, after buying £2.2bn. of public sector sterling debt in 1976-77, will actually be net sellers to the tune of almost £1bn. this financial year. This looks extraordinary in the light of the Bank of England's partly-paid and floating rate debt sales programme.

**Currency premium**  
The investment currency premium obstinately refuses to go down and stay there. At the end of January the effective rate dropped to about 30 per cent, but then recovered to some 45 per cent., a level which it has been fluctuating around for the past year or so. Similarly, a brief dip down last month to under 40 per cent. has been swiftly reversed. Yet there are plausible reasons for arguing that the premium should be moving down to substantially lower levels as the U.K. balance of payments turns round and fears of sterling depreciation lessen: at present, for instance, the implied exchange rate for sterling in securities transactions is \$1.17, which hardly looks realistic. During the last period in which the balance of payments was strong, in 1970-72, the premium averaged not much more than 20 per cent.

The immediate reason for the premium already down 50.1 per cent. appears to be that values on Wall Street after the fall have

capitalised at around 3800, more important, the planned merger marks an important milestone in Hutchison's recovery from the brink of financial collapse in 1975, when it had to be bailed out by Hong Kong and Shanghai Bank.

Hutchison International has undergone a major reorganisation during the past two years. Over a hundred group companies have ceased operations and the new management moved away from the heavy reliance on share dealing profits. In its last accounts share dealing accounted for only 10 per cent. of Hutchison's profits, whereas merchant banking accounted for 45 per cent., the combined interests for 10 per cent. of property another 13 per cent. Major financial surgery stemmed the group's losses and last year it moved back into the black and announced its first dividend since March, 1974.

The impermissible bargain over Hutchison is the future of the Hong Kong and Shanghai Bank's stake of around a third. The bank purchased its share for \$HK150m. and they are currently worth over \$280m.

It is now sitting on a profit only slightly less than its total net profits last year.

**National debt**  
The Commission for the Reduction of the National Debt are having their work done by them by inflation. Latest statistics show that although the nominal value of the National Debt rose by an eighth to £63.8bn. in the year to March, the figure fell as a proportion of gross national product to its lowest level since since the war.

National Debt itself represents a narrow definition of Government borrowings, but a similar trend is apparent in an analysis in the latest edition of "Economic Trends" of how much the government as a whole owes to the private sector and abroad. As a proportion of GNP, this fell from over 68 per cent. in the late 1960s to 68 per cent. in 1975-76, with that, the proportion held remained fairly constant about 15 per cent.

What is equally striking is the way that short-term Treasury bills and Whampoa Dock, is essentially rising as a proportion of National Debt: up to over 25 per cent. of the latest figures. In this sense, inflation is a significant since the minority is edged weapon.

**Hutchison Int.**  
Hutchison International's decision to merge with its major subsidiary, Hong Kong and Shanghai Bank, is essentially rising as a proportion of National Debt: up to over 25 per cent. of the latest figures. In this sense, inflation is a significant since the minority is edged weapon.

Advertisement for Queenhithe Upper Thames Street, London EC4. Features a large photograph of the building and text describing it as a unique development in the City of London. It includes details about office accommodation, conference and restaurant facilities, and 75,000 sq. ft. of space. Contact information for Sinclair Goldsmith and Richard Saunders & Partners is provided.

Handwritten signature or scribble at the bottom of the page.